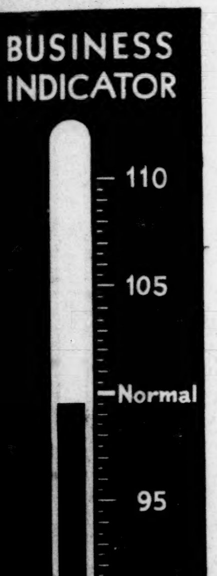
JUL 14 1930

JULY 16, 1930

THE BUSINESS WEEK



THE characteristic signs of the process of business recovery appear more clearly this week. . . . . Basic industries farthest from the consumer, like steel and coal, which decline or rise last and farthest, continue more than seasonally slack. Electric power production and primary distribution by railroad are still at low levels, but begin to show slight improvement. . . . . Building construction has increased sharply, above normal and above last year's level. General trade, as measured by check payments and currency in circulation, has risen to relatively high levels. . . . . Bank credit is expanding at a more than normal rate. Federal Reserve credit is being brought into action on a larger scale. Commodity prices are firmer. The stock market is steadier and quiet. . . . . The sharp rise in our index of the volume of general business activity nearly to the normal level in the past two weeks is partly a reflection of the markedly higher level of building activity and the large volume of money turnover at the end of June (see pages 38, 40). . . . . We expect some backsliding in coming weeks, but continue confident that the general trend is upward and the underlying conditions favorable for early recovery. Some support may be needed and should be given the key crops, wheat and cotton, in this critical season, to prevent further slump in the commodity price level.

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What's In This Issue —And Why

Building

"WATCH building" the business soothsayers have been telling us. "Revival of construction, particularly of small homes, must precede business revival." Highly significant, therefore, is the June improvement. Lower costs, easier money, improved selling, are having their inevitable effect. *(page 9)*

NEVER before noted for good marketing, the building industry has been stimulated by hard times to sharpen its wits, and evolve a number of interesting plans to make it as easy to build a home as to buy a car. *(pages 10, 11)*

Crops

SPEED of business revival waits on upturn of commodity prices; further break in wheat and cotton markets would hurt badly. But the Farm Board reverses itself, will not support markets; uses low prices as a weapon to force acreage reduction the Board sees as the only permanent relief. *(page 5)*

Straws

ONE straw does not make a straw stack. But a handful is enough to show a shift in the wind. Statistical bits indicate warmer business breezes. *(page 6)*

Brains

MOST valuable, most dangerous, of our exports to Russia are American brains. In Soviet employ today are 600 American technical advisers. We print a complete list of technical assistance agreements now in force, a map showing where Americans are at work. *(pages 24, 25)*

Tariff

To the business man, the tariff is not political drama, but bread and butter. The tariff may be off the first page, but business is studying it intently. We discuss this week the flexible provisions; conclude the change in the law is much less important than the completely changed atmosphere that seems to promise genuine effort at scientific correction of obvious abuses. *(page 27)*

REQUESTS for rate changes already number 39, counting as one a long list of items on the wool schedule. We present the first complete list. *(page 28)*

NOT entirely, but partly because of our raised tariff rates, the world has broken out into a protectionist rash. *(page 32)*

Freight Rates

RAILROADS at last get two breaks of better fortune. An I. C. C. order raises class rates both west and east. An I. C. C. examiner recommends rate changes that will permit railroads to meet competition of Panama Canal ship lines. *(page 17)*

Automobiles

MOTOR vehicle production has dropped almost one-third from 1929 but still is ahead of 1927 and 1928, which only proves what a spree we were on last year. *(page 12)*

WAGES, prices—these are the vital news. Wage readjustments have reached the motor industry. *(pages 12, 13)*

Textiles

FULL-FASHIONED hosiery makers likewise take the axe to the wage structure although it is hard to see how that can help them permanently. *(page 13)*

MORE constructive is the creation of a Cotton Textile Export Association which may help not merely to systematize trade overseas but also to stabilize markets at home. *(page 15)*

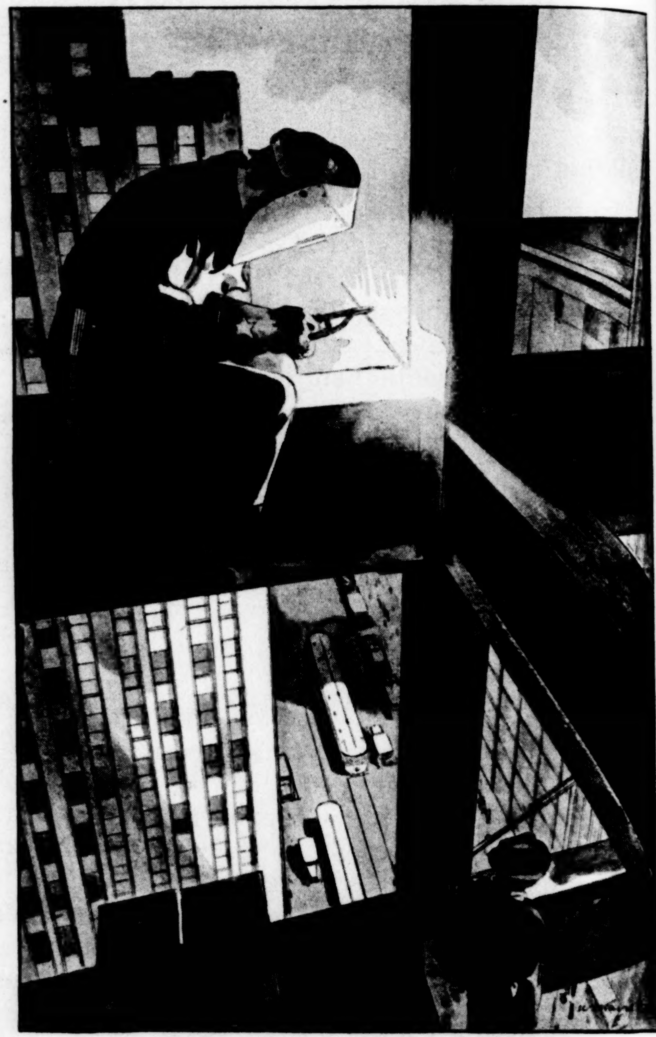
Smith—Mechanizer

A. O. SMITH CORPORATION uses 500 engineers, soon will have 1,000 housed in a 7-story "science building." By contrast, it has 8 salesmen. "Basic acceleration" L. R. Smith says is the foundation of his business philosophy. *(page 22)*

ECONOMICS OF THE ELECTRICAL INDUSTRY

Knitting steel joints with ELECTRIC NEEDLES

...in Silence



Arc-welding eliminates rivets in steel construction

Westinghouse
Electrification
Wiring
W
WESTINGHOUSE ELECTRIC

The head-splitting rat-a-tat-tat of the riveter's hammer is sounding its own death-knell. Relief for riotous nerves is at hand—in the shape of the new arc-welding process of building construction, developed by Westinghouse. Now tall buildings mount skyward in silence, while strange blue and purple lights play on masked men who unite giant girders with electricity almost as our grandmothers knitted a woolen sock.

Electric arc-welding has for some time been recognized as an important asset to manufacturing. Through its use, many complicated parts, formerly cast, forged or riveted are now made up economically of simple structural shapes. Now arc-welding has demonstrated its numerous advantages in building construction work. It is not only quiet, but rapid, efficient and economical as well. Frequently it requires less steel than a riveted structure—with no loss in strength. Architects and builders, with the close cooperation of Westinghouse, are putting this modern development into use.

Tune in the Westinghouse Salute over WJZ and the coast-to-coast network, every Tuesday evening

Westinghouse

THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending July 12, 1930

Farm Board Will Not Try To Help 1930 Crop Prices

Fair Wheat and Cotton Income Vital to Business Upturn, But Board Uses Depression to Force Acreage Cut

THIS is the crucial season for crops. Crops are the crucial factor in the speed and strength of business recovery. Recovery cannot come soon without an upturn in commodity prices. Commodity prices depend largely upon the two key crops, wheat and cotton. Wheat and cotton prices depend now on the Farm Board and the weather. The weather is in the lap of the gods; drought, blight, or pests here or abroad would answer the question overnight. The Farm Board will not solve the problem. It will let nature and the markets take their course with this year's crop, and bend its efforts toward plans for the future.

The board made its position clear and explicit in statements last week. It hopes and believes that wheat prices will show some improvement over the low level of the past month, but it will do nothing to hold this level or raise it.

The Department of Agriculture, obviously speaking for the Farm Board, forecast lower levels of wheat prices during the next seven years than in the past seven, unless American wheat farmers restrict production drastically.

Exports Restricted

World wheat acreage is expanding; consumption is growing no faster than population; European countries will continue to restrict imports, foster domestic production and penalize efforts to dump American wheat abroad to raise prices here. General price levels are tending downward, and wheat will follow.

Through national radio broadcasts and meetings in the Southwest, the department, the board, the state agricultural colleges and extension stations began a campaign to persuade farmers to reduce acreage of winter wheat planting this fall. A 25% reduction, they say, would put wheat on a domestic basis and give farmers the benefit of the 42 cent tariff. Even a smaller reduction would better American prices, though world prices be destined to fall with general price levels.

Only low cost production land should be used. Other crops should be grown, if no overproduction in them is likely. If it is, better let land lie idle, run to grass, or grow timber than raise wheat at a loss. Even though nothing is done with it, it will appreciate in value as population grows and land becomes scarce.

Why Business Must Watch Wheat and Cotton

If wheat and cotton prices slump further, business recovery will be delayed.

The Farm Board will not hold up prices.

It forecasts lower prices in future; recommends acreage reduction, farm storage of wheat.

This means far-reaching shifts in the Western business outlook.

Acreage reduction will not matter this year; farm holding of wheat may.

Chances of wheat prices holding are fair; cotton, poor.

Success of this campaign would make vast changes in western agriculture, shift location, affect prosperity of milling, elevator, and other business connected with handling the usual 800 million bushel wheat crop. Railroad traffic and earnings would feel the redistribution of wheat acreage.

Results will be slow. Resistance is strong. The board counts on low prices for this crop to make wheat farmers see the light; so hopes they will not go lower, but will do nothing to raise them save refrain from dumping on the market the 60 million bushels held by the Stabilization Corporation.

Luck may be on its side. The prospects of wheat holding present levels or going higher in the next two months are fair. It now looks as though world wheat carry-over and yields on northern hemisphere crops will not be larger than last year. World supplies have run down. Argentine and Australian crops will not be available until December.

The board and co-ops are urging farmers and organizing machinery to store more grain on farms this season instead of rushing it into the show windows of terminal markets. Systematic means are provided in Montana and North Dakota; schools of inspectors are being trained. If effective in any large measure, this will help wheat prices over a dangerous period. But private elevators, grain dealers, railroads, business in the wheat belt generally, who prosper handling a large crop, no matter what prices are, would suffer somewhat, though farmers would benefit. Railroads especially are counting on large grain movement to recoup earnings losses.

Better Marketing Helps

The wheat outlook is improved this season, also, by energetic activity of Farm Board agencies and co-ops in strengthening marketing machinery and acquiring new facilities for storage and export selling both on Pacific and in Gulf ports.

All these factors may help the Farm Board win in the long chance it is taking on wheat prices holding.

The cotton situation is not so hopeful, and the Farm Board may have to resort to more aggressive stabilization operations in order to prevent prices falling to 10 cents or below by September.

The July 1 cotton acreage report showed 45,815,000 acres, a reduction of only 2.7% below last year, far less than the Farm Board asked for this spring. Normally such an acreage would mean a crop of 15 million bales, slightly more than last year's crop; but the next two months are critical for cotton growth and no one can tell what the outcome will be. Apart from a drastic decline in crop yield or abandonment of acreage, the prospect for higher cotton prices is poor.

The main reason is the low level of domestic and foreign consumption of American cotton. Domestic consumption this season has been nearly 700,000 bales below that of the same period last year, and exports have run nearly a million and a quarter bales below. A revival in business during the remainder of the year may partly offset this, but the carry-over is almost certain to be considerably larger than last year. The Cotton Stabilization Corporation now holds about a million and a quarter bales of the last crop, and its promise not to market this reserve until prices become more favorable may help to check further decline in the next two months. But the Farm Board may be forced to extend further help in supporting the cotton market this fall, unless, as in the case of wheat, it decides to use low prices as a weapon to enforce acreage reduction next spring.

Fistful of Straws That Show Business Winds Have Turned

HERE is a fistful of statistical straws that have blown through our office this week, indicating that the business winds have begun to turn:

Retail sales of new Packard cars were the largest on record for the month and the largest so far this year—4,300 as compared with 4,150 last June.

Shipments of locomotives by the Baldwin Company during the first half of this year were more than double those of the corresponding period of 1929. June shipments were in value nearly three times as large as last June. Unfilled orders on July 1 were larger than on the first of last July.

The Delaware & Hudson and the Lehigh Valley Railroads report an increased movement of coal during June as compared with last June. This is the only commodity showing an increase in car loading by these roads over the corresponding month last year.

Some Commodity Gains

Dun's Index of commodity prices, while showing a continued decline for the whole, shows a marked increase in prices of dairy and garden products and an increase in the average price of metals during the period between June 1 and July 1.

Bank clearings in the leading cities of the United States, according to Bradstreet's figures for June, show a smaller percentage of decrease below the level of the year previous than in any one of the six preceding months.

Though we hear a great deal about the slackness of wheat exports, flour, which is the form in which a lot of wheat is exported, is going abroad in larger volume than a year ago. Exports of wheat flour during the first five months of 1930 exceeded by about 40% the average shipments for the corresponding periods of the past five years. General Mills, Inc., the largest group of milling interests in the United States, reports that its present export sales are running 100% above last year. This is not all due to lower prices because export wheat flour prices were one of the few items that were higher in this quarter of 1930 than during the same period of 1929.

The Associated Industries of Massachusetts compiles each month from among its members an index of orders which they expect to receive in the remaining months of the year. Returns from 115 concerns in May show that these concerns estimate their orders for the remaining half of the year substantially above the average for the past three years.

June Manufacturing Drop Was Less Than Normal

JUDGING by industrial consumption of electric power, June witnessed a decrease in the rate of manufacturing operations of less than normal seasonal proportions—only about 2.9% under May, whereas a 4.8% decrease is normal for this period. The June operations, however, were 14.6% under June last year and were at the lowest rate recorded since December, 1927, according to reports on electrical energy consumption received by *Electrical World*.

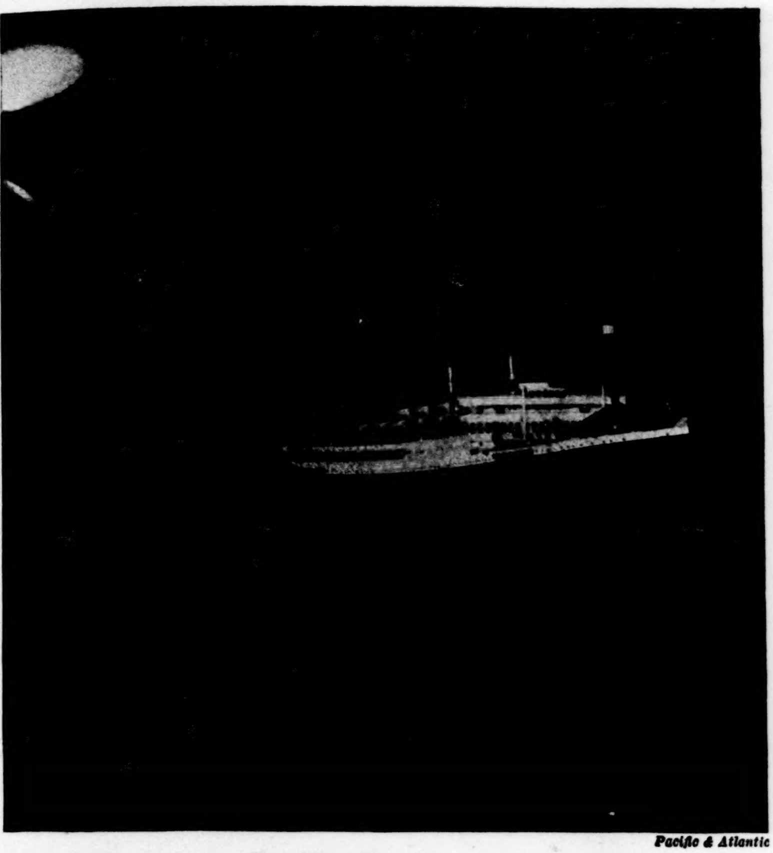
Every section of the country witnessed a decline in manufacturing operations during June as compared with May, and with June, 1929. New England went 23.7% under June, 1929; the North Central States, 17.7%; the Middle Atlantic States, 13.7%; the Western States, 8.6%; the Southern States 6.9%.

Leather products recorded a 46% increase in May. Increases as compared with May were also recorded by the food products industry, forest products, paper and pulp, and the stone, clay and glass group. The food products industry is operating on a plane 19.4% above last year. Declines in activity as compared with June last year included those of the automobile industry, 35.5%; rubber products 33.7%; textiles, 29.1%; ferrous and non-ferrous plants 25.5%; rolling mills and steel plants 25.4%.

International New

DISPERSING GANDHI'S FAITHFUL

A native policeman charging a mob gathered at the salt works at Wadala, India. There were 3,000 of them; 300 are nursing broken heads



Pacific & Atlantic

THE NEW ERA AFLOAT

A beautiful picture in the gray of a misty morning, M.S. Britannic enters New York harbor on her maiden voyage. Britain's largest motorship (27,000 tons gross), she is White Star's newest entry in the popular cabin-class; compares in luxury with the proudest; is slower, cheaper

Europe Talks Copper Boycott But Admits It's Impractical

European Bureau
The Business Week

MUCH loose press talk in European capitals regarding the desirability of a boycott on American copper has done more to clear the air than to worry United States copper interests, particularly Copper Exporters, Inc. Even in Europe, serious business considers any boycott impractical, points out that European consumption in 1929 was 773,000 tons, that Germany alone consumed 216,000 tons. Since the only large-scale producing competitors of the United States are Africa and Canada, whose output last year was 147,000 and 110,000 tons respectively, no boycott on United States copper could as yet be effective without crippling European industry.

There is significance, however, in the accumulating resentment among European metal interests over the policy of Copper Exporters. Manufacturers are convinced that the Americans have cornered $300 millions of copper stocks for the purpose of maintaining at their present levels prices which, they say, could be reduced to 9 cents without damage to anyone. Since other sources of copper are obviously insufficient, Europe is obliged to purchase from the United States and is unable to take any positive action against the American export group beyond continuing its present policy of buying only for minimum requirements. According to most authoritative reports, there are no copper stocks worth mentioning in Europe and the present policy of local manufacturers is based solely on the hope that the copper association will ultimately reduce prices because of the huge amount of capital which is tied up in heavy stocks.

This week a new complaint has been voiced. Europeans claim that c.i.f. quotations are ½c. above the United States domestic parity, thus placing European manufacturers at a serious disadvantage.

Initiative in the formation of the anti-American copper front belongs to the Belgian Haut Katanga, whose output in its African mines has risen in the last 12 months to 130,000 tons. Katanga recently entered a working agreement with the German Hirsch Kupfer concern guaranteeing a continuity of supplies of Katanga copper for the latter's refineries and rolling mills. It is notable that 25% of the stock of Hirsch Kupfer is owned by British Imperial Chemicals. On the other hand, the recent exchange of shares of the German Metallgesellschaft with British Metal Corporation and Belgian Société Generale des Minerals constitutes a further factor in the consolidation of European copper interests (*The Business Week*, June 11).

Sound Film Patent Rights Tangled Abroad and Home

WHILE the American film world is anxiously awaiting the outcome of the sound film conference in Paris where German and United States interests are deciding the ownership of basic patent rights and the possible allocation of foreign markets, a recent appeal by the Western Electric Co. on a decision involving basic sound patents is attracting considerable attention.

As long ago as May, 1913, one Elias Ries applied for patents covering the reproduction of sound on films. Before photographic sound records were developed on a commercial basis by Mr. Ries, he sold his rights to Dr. Lee De Forest who had the patent application renewed in April, 1923. In 1926, patent rights were issued to De Forest Phonofilm. Later they were acquired by General Talking Pictures.

In the meantime Western Elecric acquired a large group of patents for the development of sound films and began manufacture. Because they believe the Western Electric method of sound reproduction infringes on their Ries-controlled patent, the De Forest Phonofilm and General Talking Pictures brought suit against the Stanley Co. of America, a licensee of Western Electric.

When the court decision was handed down by Judge Morris of the United

States District Court for the District of Delaware (recently resigned), it declared that the Ries patent covering the method of reproducing photographic sound records is valid and infringed by the defendant. Western Electric immediately took the case to the United States Court of Appeals at Philadelphia, expects a decision before December.

The feeling at Western Electric, as expressed by J. J. Lyng, vice-president of Electrical Research Products, a W. E. subsidiary, is that the Ries patent is invalid and Western Electric apparatus does not infringe upon it; but that if eventually it should be held that the Ries patent is valid and infringed its use is in no wise essential to the successful operation of the Western Electric sound system.

In the opposing camp, M. A. Schlesinger, president of General Talking Pictures, holds that the Ries patent is basic and all-important; that the success of the sound-on-film was only made possible through this invention.

Montgomery-Ward Offers Time Payment on All Sales of $25

THURSDAY 650 newspapers in the 560 cities where Montgomery Ward & Co. has stores carried full-page advertisements signed by George B. Everett, president, announcing a startling policy change. Mailing of 10 million flyers carrying the same news to mail order customers began.

Time payment privileges are extended to purchases of all merchandise except groceries where orders total $25 or more. Heretofore only recoverable items were sold on time. Inclusion of non-recoverable consumers' goods, a radical departure, is being watched with great interest—and some skepticism. The offer is for 60 days only, to Sept. 15. It is designed primarily to stimulate dull-season buying. Decision as to whether a wide-open instalment policy will be continued depends on results, an official states. "In our judgment commodity prices are scraping bottom," the company says. "Months ago we cut prices. During the past 60 days there have been further declines in cost prices of many items of merchandise. All these low prices we are making effective at once. Montgomery Ward is placing orders for millions of dollars' worth of merchandise at the new low commodity levels." Reduced clothing prices are being featured. "Paying power" of the American people, based on $840 millions weekly wage and $27 billions savings deposits is cited.

International News

GOLF AT 91

A shiny new dime to anyone who can guess the name of a retired oil man who was 91 years old July 8 and still plays 9 holes of golf a day

"We know this offer will bring us additional business," President Everett comments. "We consider it a constructive move (one of the very few that have been made thus far) to stimulate consumer buying. Many will praise us for it. Some will criticize. I hope other institutions large and small will follow with their constructive plans."

Montgomery Ward's sales for the first half of this year were $130 millions, 5% above the same period last year. Average sales per store are down, however, there being about 150 more stores in operation. Only three have been closed since the crash: Omaha, Macon, Charleston, S. C., mainly because of unsatisfactory locations. There are now 10 more stores than on Jan. 1.

International News

IN ROYAL SETTING

Delegates to the International Power Conference eat luncheon on the terrace of the New Palace at Potsdam

Independents Hold Down Department Store Costs

INDEPENDENT department stores are still tending to show lower operating costs than chain department stores. Too many of the latter are paying for central organizations not yet organized to save more than they cost.

The latest annual report on department stores by the Harvard Bureau of Business Research shows that 1929 gross margins for all classes of stores commonly ranged from 28.7% to 34.4% and total expense from 29.8% to 32.8% of net sales; net returns over interest on investment were found to vary from a loss of 1.1% to a profit of 1.6%.

Higher expenses for the ownership groups are charged to their advertising, purchased service and "professional services" (which include central office expense). In payroll and interest, centrally owned stores had some advantage over the independents but the independents consistently achieved comparatively higher rates of stock-turn than the chains.

Upturn in Building May Mark End of Two-Year Decline

Low Costs, New Financing Plans for Small Houses, Aid Recovery; Figures Show Shortage of Homes

BUILDING construction appears to be on the verge of an upward trend, perhaps the end of the long decline that started in June, 1928.

Furthermore, there is evidence that the revival will include residential building, a long-hoped-for sign of general business improvement.

General construction, as shown by the F. W. Dodge compilation of June contract awards, is expected to show a considerable gain over May—whereas June usually is below May. Three weeks reports showed an 8½% gain. The fourth week probably will accentuate this.

June Above Last Year

Residential building in June will not overtop May's, but is distinctly above last June's.

Reasons for the improvement in general construction are easier credit and lower construction costs.

H. C. Turner, president, Turner Construction Co., says costs are lowest in 8 years. Materials are down sharply. Wages are unchanged, but the efficiency of labor has been greatly increased. Contractors are able to pick the best men. The men do the best and fastest possible work, to keep their jobs. Labor's opposition to numerous labor-saving devices disappears in the anxiety to get work.

Costs Lower Than in 1921

Typifying present low costs, Mr. Turner said his company recently contracted to enlarge a warehouse built by it in 1922 at a price 15 cents a square foot less than it cost then. A large loft building was quoted at the lowest price per square foot made by Turner for such a building since 1921.

As reported in *The Business Week* last week, there seems to be an increase in the normal demand for residential construction. The National Association of Real Estate Boards reports shortages in 35% of the cities in Minnesota, Iowa, North Dakota, and Nebraska, and more housing shortages than oversupplies in such heavy building areas as New York, New Jersey, and Pennsylvania.

There are also interesting figures gathered by the U. S. Bureau of Labor Statistics showing the number of families provided for, month by month, in residential buildings in the principal cities of the United States.

Residence Building Drops

These figures show that last year the new residential buildings erected in 257 cities provided accommodations for only 344,197 families. This is the smallest number for any year since 1921. In fact, the number has decreased steadily since 1925 and very rapidly in the past three years, until the figure for 1929 was only about one-half that for 1925.

In the meantime, the population of these cities has increased steadily, rising nearly 20% since 1921 and nearly 9 per cent since 1925.

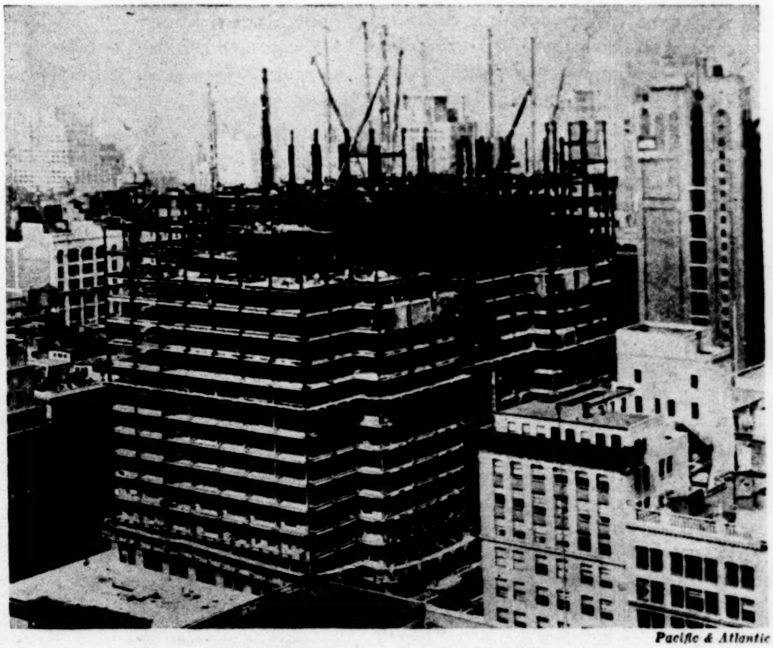
The ratio to the population of the number of families provided for in new residences built in 1929 was lower than in 1921 and decreased much more than half since 1925. If the ratio in 1921 is taken as normal—and it was certainly much below normal—that in 1929 was nearly 9% below normal.

Despite the steady trend toward apartment houses and multi-family dwellings it is apparent that the increase in residential building in recent years was not sufficient to meet the growth of population. The percentage of families provided for in one-family dwellings decreased from about 58% in 1921 to about 35% in 1928. A similar decrease took place in the percentage of families provided for in two-family houses—from 17% to 11% during this period, while in apartment houses the percentage accommodated has more than doubled. In 1929, however, there was evidence of a reaction toward the single and two-family houses.

More Families Accommodated

From the Bureau's figures it is apparent that there has been a steady and rapid increase in the number of families provided for in new residential buildings, from the low point in January up to date. In January, that number was only about one-third of the monthly average during the preceding year, but by April it had risen to 62% of the 1929 average. This increase was much higher than that in the case of the number of residential buildings.

It is significant also that the expendi-



Pacific & Atlantic

WHERE LATE THE WALDORF STOOD

Alfred E. Smith, president, is proud of the Empire State Building, which will soar 85 stories above Fifth Ave. at 34th St., New York, and will be the tallest structure of any kind in the world ture for additions, alterations and repairs has increased month by month since the beginning of the year by 50%.

According to the Home Owners Bureau, investors in small mortgages are beginning to look for desirable loans. Other quarters deny this revival of interest. The Associated General Contractors say that much improvement work in small centers has been held up because of the difficulty of marketing small bond issues; that conservative contractors—who seldom accept such paper—and speculative builders—who make frequent use of it—both find their capital tied up and are unable to continue business except on a cash basis which curtails their activities considerably.

Building Loans Increase

But again, George A. Martin, president of the Railroad Cooperative Building & Loan Association of New York, says that loans by his organization have increased from $177,100 in January to $1,243,350 in May. The 5-months total for this year is $500,000 more than for the corresponding period of 1929. May loans were 132% greater than those for May, 1929. While a large part of this was for refinancing and modernization, Mr. Martin asserts it included a healthy representation of new homes.

In the small home financing field there have been several attempts to provide more satisfactory service. The plan of a Denver lumber dealer is described elsewhere on this page. At Toronto this week, at the annual convention of the National Association of Real Estate Boards, George Nixon, president of the Chicago Real Estate Board, described a plan put into effect by a recently formed vertical organization in Chicago whereby a home buyer is able to purchase in one operation all the materials and services included in home construction.

New Plan for Kansas City

Along similar lines is the announcement by the Kansas City Real Estate Board of an insured home purchase plan by means of which the home-buyer includes in a stipulated monthly payment to a trust company all expenses necessary for his purchase. This plan has been used successfully by the City Housing Corp. in promoting Radburn (*The Business Week*, June 9). Monthly payments from home buyers to the corporation include interest on first and second mortgages, principal payment on second mortgage, taxes, insurance, water and sewer rates—practically all home expenses except fuel.

Harvey L. Harris, general manager of the Sears, Roebuck home construction division reports that the liberal finance arrangement—75% of total purchase price (*The Business Week*, January 29)—has aided sales greatly, particularly since the company is getting better prices on materials than ever before and is able to pass these savings on to the home builder in the form of reduced costs.

Builders and building material dealers are being urged to tell the public of the advantages of building now.

Lumber manufacturers are interested in the possibilities and the National Lumber Manufacturers Association announces that lumber mills are laying plans to sell houses in the future instead of lumber by the 1,000 feet.

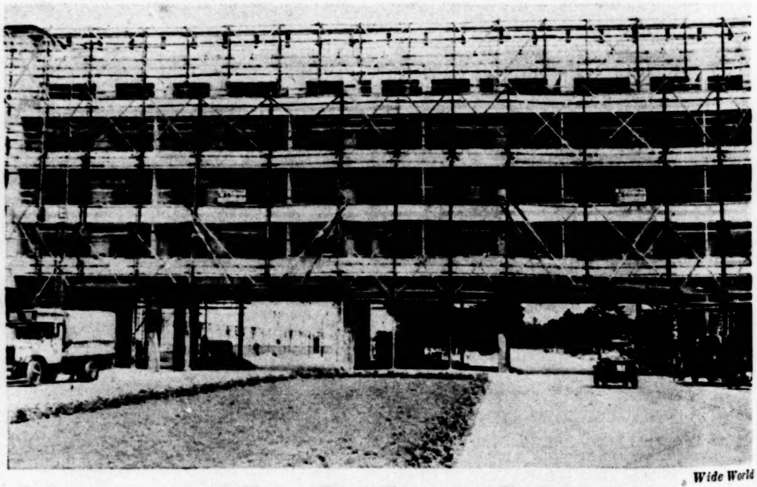
Plans to Make It as Easy To Own a Home as a Car

People who might build or modernize their own homes but put their money in automobiles, electric refrigerators, and other things that may be as expensive in the aggregate but take less cash and make less complication at the start are prospects for the McPhee & McGinnity Co., lumber dealers of Denver, Colo. This firm is now offering to those with ambitions but without capital to build or modernize at a cost of not more than $8,000 a complete no-down-payment pay-as-you-go service. It includes preliminary sketches, advice, and suggestions; complete plans and specifications; supervision of construction; temporary financing, and permanent financing. For this service, the client pays a fee of 1% on new homes, slightly more on modernization jobs.

Recommendations are based on consultation with clients, which also provides information for the financing company with which loans are placed. For a modernization job, McPhee & McGinnity Co.'s Home Promotion Department will develop a master plan spreading the work over 3 or 4 years so that payments coincide with the customer's ability to handle the financing program. For the average customer, the so-called "industrial loan" has been found most suitable. This is arranged through a finance company to which the borrower makes monthly payments. Industrial loans are usually for about $500 and run from 12 to 18 months.

Temporary Loans Provided

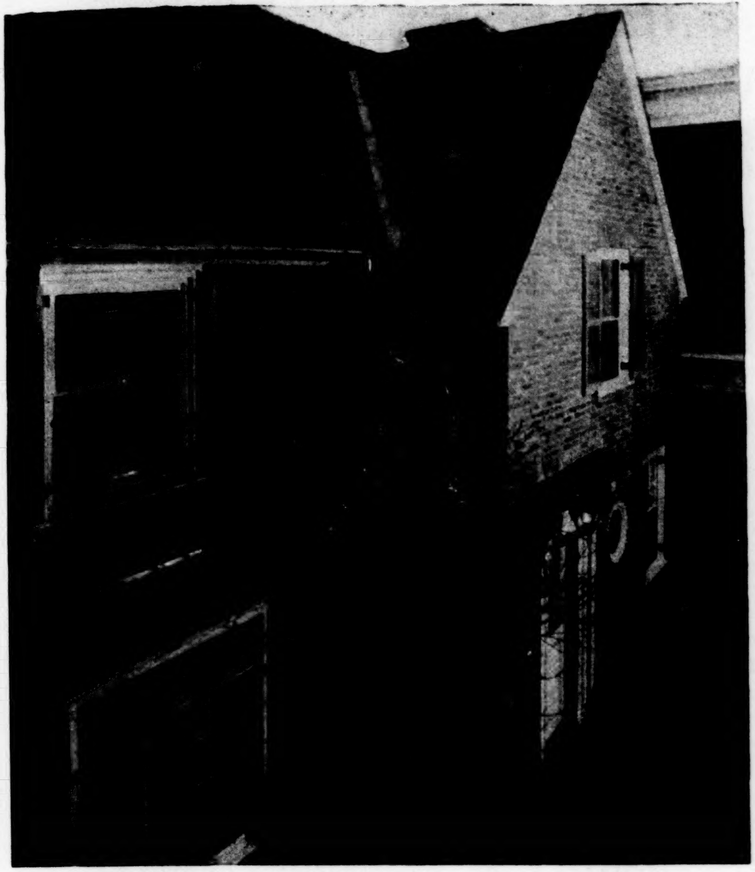
An important feature of the plan as it affects builders of new homes is that it provides for temporary loans. The home-owner ordinarily finds it easy to borrow once his house is built or even well under construction; trying to get the work started is the hard job. To



Wide World

A House That Bridges a Street

A new apartment house in the Reinickendorf quarter of Berlin bridges Schiller Promenade. A novel use of "air rights"



THE HOME IN THE SKY

Be not deceived by the dogwood—or the rhododendron or the general air of suburbiana. This lovely house stands 17 stories above the ground; skyscraper walls surround it

meet this situation, the McPhee & McGinnity Co. has a revolving fund from which loans are made against assignment to get building under way. In arranging the financing plan, the company gets loan committals from various sources, agreeing to advance money at a stated time under given conditions. Backed up by this promise, funds are advanced from the revolving fund. During the period in which this plan has been in operation, loans have been obtained from 20 established loan sources beside individuals who have provided money for construction jobs.

The McPhee & McGinnity Co. believe that building material dealers should assume the lead in providing master plans for customers; that they, and not the contractors, should merchandise home construction and modernization; that the real competitors of material dealers are those who sell automobiles, electric refrigerators, and other things whose makers don't like to have them called "luxury articles."

Ohio Building Code Wins Wide Approval

THE state of Ohio is obtaining cooperation from both employers and employees in its current revision of its building code. Heretofore, contractors have resented state interference in matters of accident prevention. Possibly one reason for the changed attitude is that the new code will not be mandatory upon either employer or employee. However, if violation of any of its provisions by an employer results in an accident, the Industrial Commission may assess an extra penalty of 50% of the injured employee's compensation against the employer.

The assessment is paid directly to the injured employee. As a protection for the employer against possible unjust claims under this provision, a constitutional amendment prevents employees bringing suit against employers; they must accept the findings of the Industrial Commission.

Ohio has had a building code for several years but in the current revision, covering 334 sections, an attempt is being made to provide ideal conditions for safe operation of every form of building activity. The new code is expected to become effective September 1.

Model House on Display In New Cleveland Terminal

CLEVELAND'S building industry is to be integrated and advertising expense reduced by means of the model dwelling house complete in every detail that has been erected on the 17th and 18th floors of the city's new Union Terminal Building.

The house is the core of the exhibit of building materials which the Van Sweringens operate through the Building Arts Exhibit, Inc., subsidiary of the Cleveland Terminals Building Company, subsidiary in turn of the new Van Sweringen Corporation. When the Van Sweringens moved the Cleveland Builders Exchange and several related associations into one of the new buildings over the Union Terminal, they opened a two-story space and built an 8-room house of early American design, a type fairly common in their several-thousand-acre subdivision on the edge of the city. They named it, "The Home in the Sky."

When visitors get off the elevator they find themselves on a mezzanine looking into the upstairs windows of the house. They may enter the house from the floor below, and from the next floor down they may enter its basement. Brick, stone, tile, lumber, stucco, lighting fixtures, hardware, and mechanical equipment are all displayed installed, just as they would appear in a complete house. In fact it is a complete house. The dwelling is furnished by the May Company, department store, also as an exhibit.

Other materials and household equipment are exhibited in booths on the three floors surrounding the house, and the dealers who sell them and the contractors who install them are quartered in offices conveniently at hand. One of the city's leading home economists is in attendance for advice to prospects. Customers will be brought in by Van Sweringen rapid transit lines from every growing suburb, or will drive to the garage in the lower floors of the same building. Sales effort of Cleveland's building industry is thus to be integrated, and advertising expense reduced.

Motor Industry Ends Half-Year 31% Below 1929; Ahead of 1928

Ford Shutdown and Curtailment of New Models Indicate a Dull Summer But Dealers Are Happier

WITH June motor vehicle production estimated at 360,000, the first half of 1930 ends with total output somewhat above that of 1928 and 1927, but 31% below the first 6 months of 1929. Total output so far this year was 2,340,000 compared with 3,413,000 last year, 2,200,000 in 1928, and 2,070,000 in 1927.

With vacation season in full blast among automotive plants this month, July is expected to drop still further; may even break below the January level of 286,000. This is particularly true since the Ford plants will be shut down from July 10 to July 28 and the loss of his 8,000 to 9,000 cars each day will make a big hole in the month's totals. Incidentally, Ford will save about $8 millions in payrolls during his 10 working-days shutdown but, on the other hand, about 100,000 workers in and around Detroit will pay about $80 each in lost wages for their involuntary vacation.

Nevertheless, Ford workers are in better circumstances than most other automotive forces. Not only has part-time seriously cut into weekly incomes, but rearrangement of equipment and of jobs has produced reduced rates in many instances. The pinch is beginning to reach clerical workers. The Chrysler salary cut mentioned elsewhere is the only action of this sort which has been made public, but there are well-founded rumors that similar results are being obtained by different methods in a number of plants. One popular method is to pay 5-days' salary for the curtailed working week now in general use in the industry. This amounts to approximately a 10% cut.

Strike at Fisher Plant

Fisher Body Corp. workers at Flint, Mich., are striking against alleged wage cuts from $1 to 40 and 50 cents an hour for men and from 65 and 70 cents an hour to $1.20 a day for women. Company officials say there has been no wage reduction—only readjustments.

Some acceleration of demand is normally expected during the late summer in response to the many new models which are offered then. While some new models are known to be on their way, there are indications that the 1930 crop will be much smaller than usual. Many automotive executives appear to have concluded that prospects for increased sales this year are hopeless; that it will be more profitable to await a changed business situation and a more hopeful attitude by the public before trying to tease pocketbooks with new models.

New Buick 8

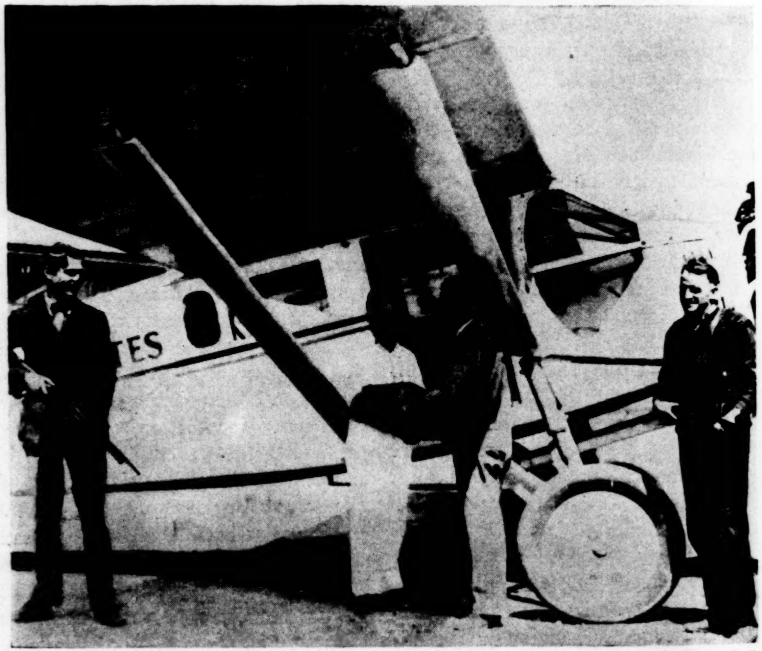
Buick is in production on its new line of straight eights—with which it must buck the propaganda put forward by General Motors in favor of V-eights, and is operating at near capacity to fill dealer requirements. Chrysler is under way on its new line. Packard's new model announcement has been postponed until fall. Hudson-Essex denies that it is contemplating new models but the industry seems skeptical; it doubts if Buick and Chrysler will be permitted to get away with their new eight-cylinder models without the sort of battle Hudson usually puts up.

The most encouraging thing in the whole situation is the fact that, despite the obvious urge to do otherwise when sales are few and far between for most makers, there has been less pressure brought to bear upon dealers this year than in any past year that they can recall. As a consequence, dealer stocks of both new and used cars are relatively low and the industry is in position to take immediate advantage of any improvement in general conditions.

Chrysler Salary Cut Follows Bad Quarter

THE "wage truce" received a serious set-back last week when the Chrysler Corp. announced it had reduced all salaries 10%, "consistent with a retrenchment policy which the current depression in business demands." The official communiqué pointed out that since labor has contributed substantially through reduced working hours, it is only fair that salaried workers share the burden.

While there is little doubt that there have been many more or less camou-



Pacific & Atlantic

$6 MILLION BY AIR

They may be grinning but they are not fooling. The plane is taking from Cleveland to Cincinnati the largest shipment of currency ever flown, and with the pilot are two armed guards just in case of a forced landing

Underwood & Underwood

WHERE THEY LEAVE 'EM IN CHICAGO

Municipal parking space is on the lake front, within walking distance of the Loop. A nominal fee is charged and admission is on a first-come-first-served basis. The city claims a 10,000 car capacity. It looks it

flaged reductions for salaried workers as well as for wage earners during the last six months, few have received wide publicity. Chrysler, publicly announcing its cut, is likely to have a more important effect on the industry than those less well-advertised.

During the first 3 months of 1930, Chrysler sold 75,700 cars for $60,600,000 which netted 4 cents a share profit. During the first quarter of 1929, 122,800 cars were sold for $99,800,000 and the net profit was $2 a share.

An optimistic appraisal of conditions went to stockholders with second quarter dividend checks. Mr. Chrysler said that in five important respects the company occupies today a new competitive position, more advantageous than ever before.

Its general production facilities have been rounded out, he said; distribution facilities expanded; the line of products broadened; the financial strength of the company fortified; a new basis for industrial relationships established.

Ford Wage Inquiry Threatens A Social Upset in Europe

IN order to determine how much it would cost Mr. and Mrs. Fordworker and family to live Detroit-style in the European cities where Ford plants are located, their family wardrobe and essential household equipment are going to make a tour of these cities in two trunks this summer. The International Labor Office, which is making this comparative study of living costs as between Detroit and Europe to tell Mr. Ford how much his $7 minimum Detroit wage is equivalent to abroad, has ordered this collection of the impedimenta and lares and penates of Detroit workers purchased in the home town and sent abroad. Everything from the Sunday overcoat to the B.V.D's and the overalls of the head of the family, to the silk dress and the kitchen apron, the frying pan and the tablecloth—about 30 typical items—will be included. These trunks will then be taken around Europe and their contents exhibited to representative merchants in each of the cities, who will be asked to say, if they can, how much they are worth in, say, Istanbul or Warsaw. It will take about 6 months for these trunks to make the tour.

Government officials in the various countries are reported well pleased with this novel method of comparing family budgets. They are not so pleased with other features of the investigation. When asked how much the typical housing accommodation of the Detroit Ford worker—a 4- or 5-room flat with bath—would cost in any of the 17 cities where Mr. Ford is planning to establish American standards of living, the answer has been that there ain't any such. The average workman in these cities lives in two rooms, and flats with baths are found, if at all, only in the middle-class quarters. Still the investigators are bound to figure into the budget the cost of such accommodations as the Detroit worker enjoys. This is expected to cause something of a social upset abroad, where workers are supposed to live in a certain fashion and in certain places.

Another difficulty is that some of the governments are shy of starting labor troubles by publishing comparisons of living costs in different cities in their own country.

In England, for example, London and Manchester are being studied, and the British Government is afraid that London workers will raise a howl for higher wages if it is published that costs of living there are higher than in Manchester. So it is probable that only an average for the two cities will be given out.

Hosiery Makers Try Wage Cut to Cure Overproduction

A LOWER wage scale for full-fashioned hosiery workers is foreshadowed by recent events in Philadelphia, center of the industry.

Several wage reductions were announced early this year. Strikes followed. The most important was that of employees of H. C. Aberle Co. After a long, bitter struggle, an arbitration commission headed by Benjamin Squires compromised the dispute.

The Aberle company started work, but soon announced that profitable operations were impossible under the new agreement. The management asked the workers to meet with it to try to reach an agreement whereby the company could sell its goods at a profit. It is understood part of the former personnel has returned to work under conditions quite different from those recommended by the Squires commission.

The Full-Fashioned Hosiery Manufacturers Association met later in Philadelphia. It is understood that the 40 or 50 members agreed to ask for a wage cut from 15% to 25% on Sept. 1.

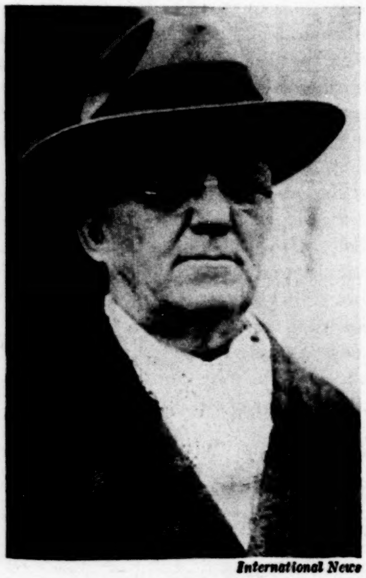
Then the union met. There are indications that the union recognizes the trend toward lower wages and is expected to agree to it to a certain extent. But it will hold off as long as possible.

For a number of years, demand for full-fashioned hosiery was in excess of supply. The industry swiftly expanded and wages have been lifted considerably above those of other textile industries. Now it is overdeveloped, must retrench.

But it is difficult to see how lower wages will help much. With great increases in equipment and with many mills operating night shifts, production exceeds demand. Price cuts result, of course. Now it is almost impossible for anyone to make money. Any wage reductions by important mills would quickly spread through all, and the net result would be to leave the industry just where it is.

Compromise Moves Now Make Anthracite Strike Unlikely

THERE now appears to be little likelihood of a strike in the anthracite coal industry this year. Operators and representatives of the United Mine Workers of the World who are meeting now in New York to adopt a working agreement to replace the one which expires Aug. 31, have both adopted conciliatory attitudes. There is, of course, some conflict in the items the two parties want included in the new agreement, but the present consensus is that the new agreement will vary only in minor details from one now in effect.



International News

POWER CHIEF

Lieut.-Gen. Jadwin, Retired, is named head of the new power commission. He is best known as sponsor of a Mississippi flood control plan that aroused hot controversy

Wage scales are not causing much trouble, neither side calling for a change. Miners continued their demand of some 30 years' standing for a check-off system. A compromise measure has been tentatively agreed upon which facilitates collection of union dues without requiring the operators actually to collect them.

The chief bone of contention is likely to be the demand by miners that, instead of shutting down high-cost mines as demand decreases, thus throwing miners entirely out of work, the operators keep all mines going and reduce output by part-time. Operators say this would increase their costs at a time when every effort must be directed toward cost reduction to hold their present market.

The problem is one that, under different guises, confronts many other industries in which increased mechanization, changing markets, and other factors have resulted in surplus productive capacity and man-power. Both operators and miners are now hopeful of reaching an agreement which will improve present conditions without requiring too great a sacrifice from either party.

International News

THE LOST PIPE LINE

A mile and a quarter long, weighing 300 tons, costing $1 million, it was to have reached the bottom of the seas off Cuba and create electric energy by utilizing the difference in temperature between the deep water and the surface. But the big pipe broke away in 550 feet of water. Prof. Georges Claude is building a new one

Wool Content Must Now Be Stated, Commission Rules

KNITTED underwear labeled "wool" must hereafter bear a statement of the percentage of wool contained in it, the Federal Trade Commission ruled this week. Variations of 3% from the per centage stated will be permitted. The new rule of the commission is of the "Group I" class enforceable by law. Observers in Washington, not connected with the industry, point out that the commission has apparently gone out of its way to give the knitted underwear manufacturers a definite rule that means something; that the move is a very courageous one; that it might be challenged in court if the industry deemed such action necessary, although there is nothing to indicate that such a move will be made.

Cotton Textile Men Seek Help Through Export Association

ANOTHER important move in the concerted plan for the rehabilitation and stabilization of the cotton textile industry was taken last week when representatives of 17 cotton exporting firms took steps to form an export association under the provisions of the Webb-Pomerene Act. A second meeting will be held July 15 at which organization of the new body—to be called, probably, the Textile Export Association of the United States—will be effected.

This project has been under consideration for months by committees of The Cotton-Textile Institute and The Association of Cotton Textile Merchants of New York. These committees made a definite recommendation last week that an export association be formed to further cooperation among exporters with respect to uniform terms of payment and other matters which might be made the subject of group action.

Other exporters will be asked to join and it is hoped that the association will become completely representative of the trade. While the association activities will be confined to export matters it is not unlikely that its price quotations for export sales will have some influence as an index for comparison with domestic prices, thus contributing to stabilization in the domestic market also. This has been a by-product of other such export associations.

Retailers "Take Back" $3 Billions Annually

RETURNS and allowances on purchases granted by retailers amount to almost $3 billions annually according to an official estimate by the Department of Commerce, based on figures from the National Retail Credit Survey.

Instalment sales showed the greatest proportion of returns and allowances, since "repossessions" were included. Returns amounted to 12% of gross instalment sales. Almost 10% of open-credit sales were returned; but only 5.2% of cash sales came back.

People return 16% of the goods they buy for cash from fur stores. They return 22.9% of the musical instruments bought on open credit and 15.4% of those bought on instalments. Those were the highest returns in each of the three types of sales. Only 4.2% of instalment purchases from automobile dealers were returned and only 3.5% of instalment purchases from hardware stores came back.

Excluding stores which do a cash business only, chain stores and the mail-order houses' department stores, 39.3% of the retail purchases were made for cash, 48.6% charged and 12.1% on instalment contracts.

Almost 3 out of every 4 stoves and ranges sold were bought on instalments, almost 58% of all furniture, almost 55% of the musical instruments.

Acme

MR. SIMPSON COMES TO WORK

James H. Simpson, chairman of the board of Marshall Field & Co., commutes 20 miles from Glencoe to the door of the Merchandise Mart on the Chicago River

Advertising Budgets Go Under the Microscope

THE Association of National Advertisers is out to discover what is happening to advertising budgets. A questionnaire sent to all advertisers, members, and others as well, is calculated to show what proportion of sales volume is being spent for advertising in each of the important industries.

Figures of budget breakdown are called for. A picture will be drawn to show how advertising appropriations are being divided between the overhead expenses such as salaries, rent, and traveling, and media, dealer helps, price lists, etc.

If adequate returns are received the results should be valuable for all advertisers. Such guides are especially sought at present while many concerns are scrutinizing their advertising in order to increase its productivity.

The Worse the Business, The Worse the Practice?

THE Federal Trade Commission issued 50 stipulations in May—the largest number ever issued in one month—every one ordering someone to cease and desist from using words in advertising that were either untruthful or misleading. Most sinned against is the word "mills" used in a company or trade name, when, in fact, there are no mills owned or controlled; the word "importer" used when no importing is done. There were 17 orders issued against such words. Another common stipulation forbade using words to make consumers think a product was that of a competitor.

Some critics say that bad business practices have contributed to the present chaotic business conditions; others, vice-versa. Probably both are right in their findings.

The rayon industry is now working on a plan to label good rayon with a distinctive mark. It says that good rayon is being widely sold as silk, only the poorer grades are being marked "rayon," rapidly giving it a bad name.

Rail Freight Costs Increased As I. C. C. Revises Class Rates

SHIPPERS and railroad officials are busy studying the sweeping upward revision of classified freight rates in both Eastern and Western territory ordered this week by the Interstate Commerce Commission after a 6-year investigation. The new schedules, it is estimated, will add an annual revenue of $12 million to lines in the West; $40 to the Eastern roads.

In general, it may be said that the order, which will probably go into effect Nov. 1, attempts to eliminate discrepancies in the classified freight rate structure that piece-meal adjustments could not effect, by application of a basic distance scale. Rate experts suggest for the benefit of the layman that a rough idea of the principle can be gained from a comparison with the parcel post zone rates although, strictly speaking, they are not comparable.

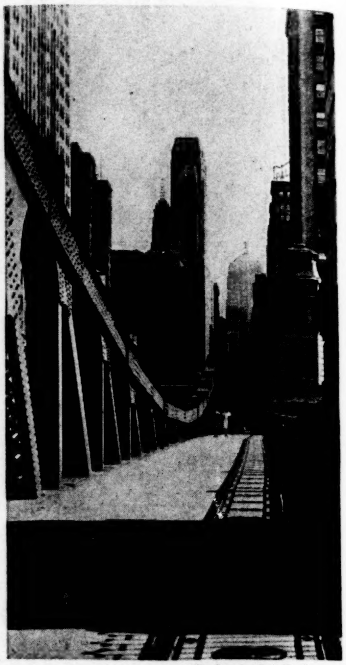
Freight moves under two classes of rates, class and commodity. Classified shipments, to which the new rates apply, include that class of traffic having high unit value and moving in limited quantities and at light carloadings. They comprise only 20% of the total business but 30% of total freight revenues. Bulky freight in great volume and at heavy carloadings, moves under commodity rates, which are not affected by the new schedule.

Restores Former Charges

The ultimate effect of the entire revision will be to restore to the railroads the charges formerly made on package and other small-lot freight as well as some carload business which moves on class rates. This type of rate, particularly, has suffered in the general whittling down of rates for competitive purposes in recent years; the practice of making slight concessions here and there having become so prevalent that it is said to have had a serious effect on rail revenues.

Illustrative of increases in the East: first-class rates between Chicago and New York will jump from $1.42 per 100 lbs. to $1.52; Chicago-Boston, from $1.49 to $1.54; Chicago-Philadelphia, $1.40 to $1.45. Some revision in the prevailing scale of classes, in their relationship to the first-class rates, is also prescribed, indicating a slight increase in the relative proportions.

New York City is hailing that part of the order which refuses to handicap the city and help Philadelphia and Baltimore on shipments to the West by adding a terminal delivery district of 10 miles to New York alone. All three will have such districts.



Underwood & Underwood

IT LOOKS PEACEFUL

Pattern of sunshine and shadow on Chicago's new La Salle St. bridge is curiously serene, but a step away is one of the world's busiest spots. The new Chicago Board of Trade closes the end of the street. The new Forman Bank towers at the left. Nearer is City Hall

"Free Wheeling" Enters The Motor Market

STUDEBAKER CORP., in announcing its new President and Commander series of cars, introduces "free wheeling" to the American public. Essentially this is a device whereby a car is permitted to coast whenever cars speed surpasses engine speed—as when the pressure on the accelerator pedal is released. Prices on these new Studebaker models run about $80 higher than last year.

Its chief advantage is lower operating costs due to the greater distances the car travels with the engine idling. This distance is no greater than might be obtained with standard gear sets by proper manipulation of the clutch pedal but with the free wheeling device, coasting is automatic.

A disadvantage is the extra work put upon brakes which must be depended upon entirely to bring the car to a stop and for descending hills. Studebaker, however, has provided a means whereby the driver, at his option, can make the free wheeling device inoperative and, when descending steep hills, for instance, can make use of his engine as a retarding force as can be done with standard transmissions.

Another advantage of the Studebaker device is that shifting between high and intermediate gears can be done without use of the clutch and without regard to engine and car speeds.

Industry Gets 30 Days To Defend Codes

ACCEDING to many requests, the Federal Trade Commission has notified all industries which have held trade practice conferences that they may have 30 days from September 25 in which to file written objections to changes or modifications in the codes of practice. The inference is that all of the old codes are to be revised in line with the reinterpretations of the law recently adopted by the commission.

The principal point involved in the shift on the part of the commission is that it now withdraws all statements or implications tainting the legality of any form of price competition besides price manipulation to restrain trade or create a monopoly.

Railroads See Profit in Cut On Coast-to-Coast Rate

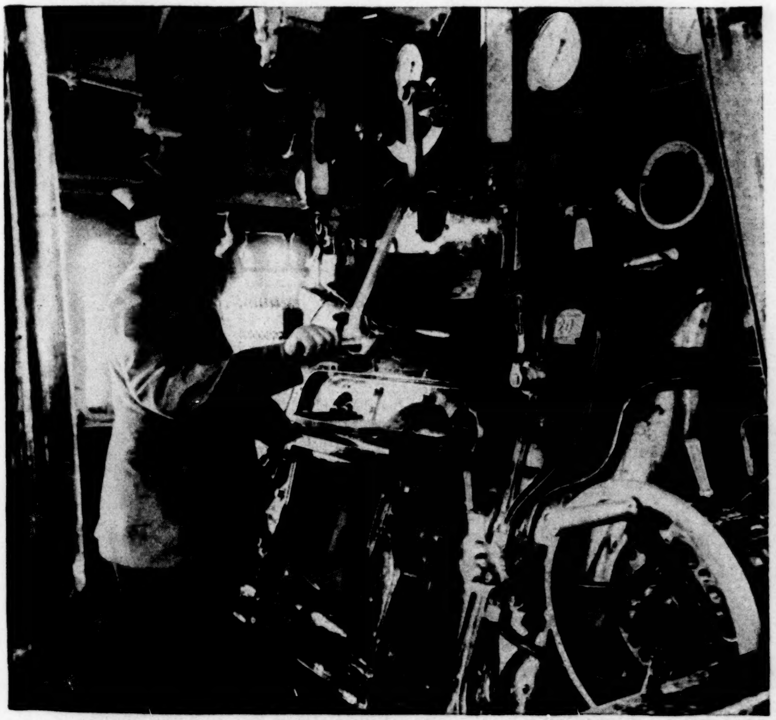
But Inland Cities of Far West Fight Application Of Long and Short Haul Clause to Southern Pacific

THE possibility of drastic reductions in the transcontinental freight rates on commodities shipped over the Southern Pacific Lines, rail and water, between California terminal points and New York City, to enable the road to compete for a share in the enormous volume of this traffic with steamship lines operating through the Panama Canal, as recommended last week to the Interstate Commerce Commission by William A. Disque, one of its examiners, caused a stir.

Based on I.C.C. Act

The recommendation was based on the "long and short haul" clause of the Interstate Commerce Act, the effect of which is to permit the I.C.C. to grant lower rates between distant points than between intermediate points, even though the shorter be contained within the longer haul. The purpose of this is to meet water competition, but in recent years the I.C.C. has shown an increasing tendency to apply such rates only in unusual instances.

Following a protracted but unsuccessful fight of the transcontinental lines to secure this relief, the Southern Pacific took up the cudgels independently in an effort to obtain lower charges on its Morgan Line from New York and Baltimore to New Orleans, thence on its Sunset Route (rail) to California. The charges would be reduced to a point approximately 10% above the all-water route, thus leaving the steamship lines through the Panama Canal with the lower charge, but placing the railroad's own service within striking distance of the rates and enabling it, through offering faster service, to compete more successfully.



Wide World

INSIDE THE "HUSH-HUSH"

The locomotive engineer in Germany's new high pressure railroad engine apparently has more things to watch than a boy at his first circus. There is no fireman—an automatic stoker does his job

Opinions differ widely on both the principle and actual application of long- and short-haul rates. Railroad executives, merchants through the Middle West, many economists, favor them. Interior Far-Western cities (notably Spokane, Denver, Salt Lake City and Nevada and Idaho communities) bitterly oppose them, charging that they give coastal cities an unfair advantage and are discriminatory. Senator Pittman, Nevada, introduced a bill in the last session of Congress to bar just such rates, but it was not seriously considered by his confreres.

West-bound Rates Low

Southern Pacific's new rates, if allowed by the commission, will be "lower than those which apply to and from intermediate points in California, Arizona, New Mexico, and Texas." The railroads' contention always has been that, on westbound shipments particularly, a low rate of return is better than none at all in moving freight to coastal points. With a preponderance of eastward traffic, cars must be sent west to deliver to shippers. The railroads reason that, as they must pull these cars anyway, an earning of as little as $100 per car is a net profit, since the car otherwise might move 2000 miles without earning a cent.

Shippers and receivers of freight in the so-called "Inter-mountain Territory," led principally by an active Spokane contingent, have fought this theory from the Coast to Pennsylvania Avenue and back again. To see shipments from Eastern and Mid-West points of origin going through their own cities destined to coastal points at a rate of, perhaps, $1 a hundred pounds, while the rate to their own cities (several hundred miles shorter in rail haul) is up to double or more the rate to coast points, causes them to claim discriminations of all sorts.

No Hope for Lower Rates

Actually, the rates on freight coming to them could not be less. Rates to inland points are based largely on the all-water rate to and from Atlantic ports, plus the back-haul inland to these interior cities. The railroads maintain that, to meet water competition, it neither hurts the interior cities nor aids the coastal points, to lower the all-rail charge to a level comparable with the all-water rate, while at the same time maintaining the higher charge to the interior points which can ship either all-water and then back inland by rail, or all-rail for approximately the same rate from eastern points.

The Mid-West urgently favors the extension of the "long and short haul" principle, because, under present rate structures, manufacturers along or near the Atlantic seaboard have a great advantage over those in the Mid-West since the former may ship all-water at low rates while the latter must either pay rail charges east to an Atlantic port before goods go aboard ship or pay the high all-rail rates direct westward.

Broad, basic questions underlie the decision to be rendered by the I.C.C. in the Southern Pacific matter. Western railroads estimate that each ton of freight moved by water lines in competition with them costs them $15 in potential revenues. While much of the intercoastal tonnage has been developed solely because of the low rates, and some of it is non-competitive with rail business anyway, total coast-to-coast water business, excluding east-bound oil from California, aggregated 6,933,000 long tons for the fiscal year 1929; approximately 4 million tons was eastward and 3 million westward. The tonnage is increasing annually while rail transcontinental business is far below the normal capacity of western trunk lines. Granting of similar long- and short-haul rates to Northwestern transcontinentals would mean millions in additional revenue, largely net, rail executives point out.

Suburban Growth Swells Rail Commuter Traffic

COMMUTER traffic on the railroads reached its highest peak in the first quarter of 1930 and is still going up, in spite of the fact that railroad business in general, both freight and passenger, has fallen off.

Comparing the first three months of 1922 with those of 1930, the number of passengers carried has grown from less than 109 million to nearly 118 million (9%), the number of passengers carried one mile has increased from 1,480 million to 1,714 million (16%), and gross passenger revenues from $16,600,000 to $19,100,000 (15%). During this period other passenger traffic has shown losses of 46% in passengers carried, 19% in passenger-miles, and 21% in gross revenues. The striking changes that have occurred in the last 8 years are illustrated by the fact that, while in the first quarter of 1922 commutation passengers numbered 46 out of each 100 rail travelers, in the same months of 1930 they had increased to 63.

International News

AIRMAIL

Glenn Curtiss, pioneer in aviation, is interested in an older airmail—the pneumatic tube service that shoots letters under New York at the speed of a mile a minute. Curtiss is urging Congress to build pneumatic tubes from downtown post offices to airports. A plane can fly mail 125 miles in the time it takes a truck to travel 10 miles through congested streets

Take Car Along as Baggage Says The Pennsylvania

ANOTHER innovation in railroad service took place this week when the Pennsylvania Railroad announced baggage car accommodations for private automobiles. The service will be tested on one train—the Sea Gull, operating between Pittsburgh and Atlantic City. If successful, it will be extended.

Automobiles are run into end-door baggage cars and must be on hand at the station 4 hours before train time. Owners must hold 3 rail tickets and pay an excess baggage charge of $45. The idea was borrowed from a western road—the Southern Pacific—which has been operating successfully a similar service from San Francisco to Monterey and Lake Tahoe.

Air Ferries Successful; New York May Have One

SUCCESS of airplane ferry service, especially on San Francisco Bay (*The Business Week,* April 23, 1930) has led to plans for a similar service on New York Harbor. Peter J. Brady, chairmans of the New York mayor's committee on airports and aviation, inspected the San Francisco facilities this week after which he declared himself convinced that air ferry service would be feasible in New York.

Coincident with Mr. Brady's inspection, Joseph J. Tynan, vice president of the Bethlehem Steel Corporation, whose son, Joseph J. Tynan, Jr., is president of Air Ferries, Ltd. which runs the San Francisco service, disclosed that he had applied informally to New York City for permission to operate a line from the Battery to Staten Island. A $1-million corporation would be formed, he said, to start before the end of the year on a 10-minute schedule with 12 amphibian planes.

Burroughs

Electric Portable

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In stores and offices throughout the world, Burroughs Electric Portables are speeding up and reducing the cost of all kinds of figure work.

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Burroughs Adding Machine Company, 6167 Second Boulevard, Detroit, Michigan

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Buffalo Divides Its Allegiance Between Group and Unit Banking

Proud of Marine Midland's National Standing, Local Business Still Likes Its Local Banks

BUFFALO business has an unusual group banking system and two large and strong unit institutions at its disposal. This provides the keenest kind of banking competition—competition that is felt throughout the whole of upstate New York. Naturally, powerful proponents of each form of banking are to be found in that area.

Buffalo is headquarters for the Marine Midland group of banks, fourth largest group in the country, with deposits of $506 millions and resources of $630 millions in 17 banks. Marine Trust of Buffalo is the parent institution of this, the only group of banks with a New York City member.

Members Long Friendly

The Marine Midland group is the outgrowth of the close relations that for several years existed among what are now among its member banks. George F. Rand, Sr., father of the president of this group, began banking in Tonawanda, a small town near Buffalo. Upon going to the Marine Trust he built up a close connection between that and the Tonawanda institution and later, through stock ownership, acquaintances, and correspondent relationships, built up the same kind of relationships with several other nearby banks.

George F. Rand, Jr., president of the Marine Trust and the group, is one of the strongest advocates of the new form of banking. He has been a banker all of his life like his father before him and has overcome many obstacles in his progress. He offered strong testimony for group banking to the House of Representatives Banking and Currency Committee in its recent investigation of banking.

17 Banks Belong

Marine Midland group was formed in September, 1929. The informal relationships of the banks were put on a group banking basis by the Marine Trust operating with Buffalo and New York financial interests. A holding company was organized in Delaware to acquire bank stocks. Acquisition has, for the most part, been through exchange of the holding company stock for bank stock. A managerial company was formed in New York State. The group now consists of 17 banks and their affiliates, and the holding company owns an average of 97% of all the institutions.

All the member banks are in New York State, but institutions outside can be acquired at any time. The trend just now is against such action. The group is interested only in banking institutions. The policy is to retain local officers and staffs almost entirely.

Formation of Marine Midland group was motivated by much the same causes that have brought into existence other large groups throughout the country; by the possibility of operating economies, better credit files, improved promotion and research, new business, conservation of correspondent balances, more completely rounded-out banking services, massed resources.

Underwood & Underwood

RESTING UP FOR CLEVELAND

John G. Lonsdale, president of the American Bankers' Association, at Hot Springs, Va., building up pep, no doubt, for what promises to be a lively convention

Marine Midland group has several distinctive characteristics. Excepting Giannini's action in moving his Transamerica holding company there, it was the first group to go into New York City. In April, 1930, New York's Fidelity Trust was purchased and last week its name was changed to Marine Midland Trust.

This acquisition, says Mr. Rand, was a protective measure. Business was leaving Buffalo for New York for several reasons and Buffalo insitutions had business which had to be done in New York City. Now Marine Midland can qualify for that business. Deposits in the New York member have increased 62% to $80,475,000 since Marine Midland acquired it.

Business Stays In

Profitable correspondent accounts which formerly went to other New York City banks now stay in, or come into, the group system. Much security business and administration must be done by Buffalo concerns and individuals in New York City because the Stock Exchange is located there. Foreign trade originating in the Buffalo area can be more easily financed with a New York member which has several foreign connections and is obtaining more.

Marine Midland attracted attention in February when it took the $50 million United States Treasury offering of bills. Never before in history had a non-New York City institution taken a government security offering.

Functions are not segregated to any large extent in the system. Two members have security affiliates but these are small and most security business is done directly through the banks themselves. As in most New York institutions, savings are not segregated. Trust activities are in departments. One small loan company is owned.

City Has 70 Branches

Buffalo has branch banking. The Marine Trust has 34 branches and the city's total is about 70. Branches were started in 1916 and increased in number after the World War. The bankers like branches, but it is very doubtful if the whole group structure would be discarded if branch banking were legalized.

Unit banking has representation in Buffalo as impressive as has the group form. The M & T Trust Co. is the city's second largest institution, with about $130 millions in deposits as compared with Marine Trust's $244 millions. The Liberty Bank, third in size, has about $95 millions. The M & T and Liberty are independent institutions and stand for that form of banking. One says its business has been helped by the group organization, the other finds no change.

Unit banking has strong advocates in these institutions and throughout Buffalo. Business apparently is divided on the subject, some giving allegiance to one form of banking and some to the other. The public generally is far from completely convinced of the advantages of group banking. Many prefer to do business with the unit banks and are exercising their preference.

Concentration Feared

For those who deal in fundamentals, it may be said that it isn't the Marine Midland as such that is opposed. It is banking concentration. It isn't the present form, but the tremendous concentration that many believe will result inevitably and eventually and in which they see a very real danger. It is probable that Buffalo will have unit banking for a long time to come. Proponents of the unit form argue:

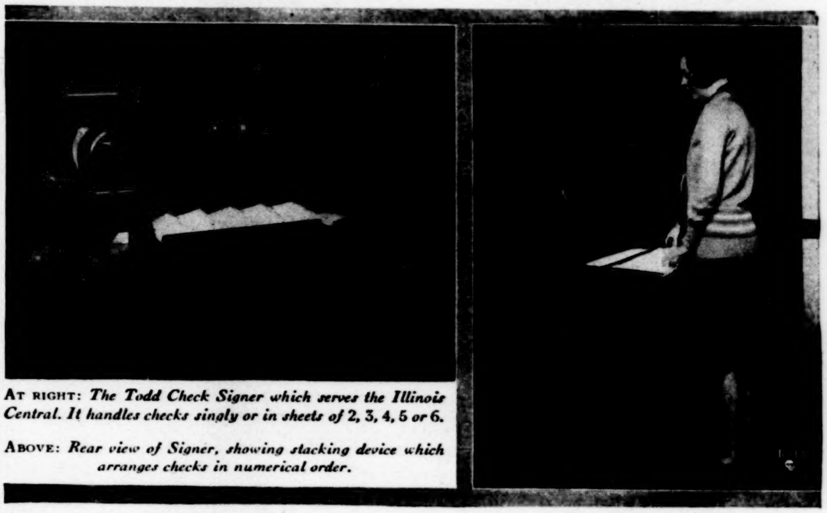
"The independence of business requires the independence of its banks. The development of the country was in large part possible and due to the financial encouragement and aid given men with ideas. Loans to established businesses are not sufficient. The principles of democracy are against the creation of a financial oligarchy such as is certain to eventuate if the present trend continues. Demands for governmental control will result when concentration becomes close and government control would be unthinkable.

Need Both Kinds

"Financial institutions of unlimited resources are needed in financial capitals. Businesses which are national in character, such as many lines of production, should go to the national financial capital for financing. The local business, of which we always will have a great deal, should have its free bank at home. And the unit bank can finance local business itself, can also resort to its correspondents in larger cities.

"Stringent restrictive legislation would be a mistake at present, however. The group banking development still is in an experimental stage. Perhaps it will, after all, prove itself. It would be better to wait a while and see."

TODD CHECK SIGNER PROVES ITSELF
"OUTSTANDINGLY SUPERIOR"
IN THE SERVICE OF THE ILLINOIS CENTRAL



AT RIGHT: *The Todd Check Signer which serves the Illinois Central. It handles checks singly or in sheets of 2, 3, 4, 5 or 6.*

ABOVE: *Rear view of Signer, showing stacking device which arranges checks in numerical order.*

THE letter reprinted below, explaining the experience of one user of the Todd Check Signer, shows also why hundreds of notable organizations have adopted this most modern business aid.

Illinois Central System, Chicago, Ill.
October 23, 1929

The Todd Sales Company, Chicago, Illinois
Gentlemen:

The Illinois Central System, during the year 1928, expended in excess of $90,000,000 in payment of salaries and wages.

About 130,000 pay drafts are issued each month to cover this expenditure. As the pay days are fixed each month to comply with the laws of the various states, there must be no delay or interruption in the issuance and delivery of these drafts. The period during which they must be prepared is limited. Therefore, the chief requisite is speed, consistent, of course, with accuracy and safety.

The Todd Check Signer has been in use in this department for two years. It has proved itself of great value and is indeed a very essential part of our equipment. It not only affords a proper degree of safety, but a very high degree of efficiency and has been the means of effecting a saving in time and labor. It will countersign and cut apart approximately 6000 checks per hour. This we consider a very high degree of operating efficiency, and so far in excess of the number countersigned by any previous method, as to be outstandingly superior.

Yours very truly,
(signed) OTTO F. NAU, *Local Treasurer*

Besides speeding up the issue of checks in quantities, the Todd Check Signer frees important executives from the arduous, time-wasting task of hand-signing. It may be operated by any employee. Two Yale locks and a built-in meter, which records every check passing through, simplify the matter of supervision. And the intricate signature affixed is more difficult to counterfeit than any other ever devised.

The Todd office in your city will gladly arrange a demonstration at your convenience. Or you may return the coupon below for more detailed information. The Todd Company. (Established 1899.) *Protectograph Division.* Rochester, N. Y. *Sole makers of the Protectograph, Super-Safety Checks and Todd Greenbac Checks.*

THE TODD COMPANY, *Protectograph Division* 7-30
1124 University Avenue, Rochester, N. Y.
Please send me complete information about the Todd Check Signer.

*Name*______________________________
*Address*____________________________
*Business*___________________________

TODD SYSTEM OF CHECK PROTECTION

L. R. Smith Builds a Laboratory To Fit a New Business Formula

And the A. O. Smith Corporation's 500 Engineers Soon Will Be 1,000, as Against Its 8 Salesmen

THE A. O. Smith Corporation of Milwaukee, with 8 salesmen and 500 engineers on its payroll, has under construction a 7-story "Engineering Science Building," in which to house its entire engineering staff, soon to be increased to 1,000, one of the largest groups of researching engineers in existence.

L. R. Smith, whose father, A. O. Smith, set up in business some 30 years ago, first as a manufacturer of baby carriages, later of bicycles, directs this research army. A quiet individual, with a true sportman's dislike for grandstand play, Smith is a radical, both in thought and action. He seeks revolutionary processes, entirely new products. Small savings, minor improvements, tinkering with old products and methods to make them just a little bit better, do not interest him. He instructs his engineers to start at scratch, to begin all over again, to forget what others have done.

Basic Acceleration the Keynote

Basic acceleration is the essence of the Smith method. L. R. Smith, whose automobile frame plant is the most highly mechanized unit in all industry, does not personify the machine age as much as he personifies its second major stage—acceleration.

Three times A. O. Smith Corporation has demonstrated this. The automobile frame plant, itself a single $6-million automatic machine, designed originally to be a plant to run without men, makes about 75% of all frames used on American cars other than Fords. While men were not entirely done away with, it requires only 120 of them to build 10,000 automobile frames a day. By way of contrast, it takes 200 men to turn out less than one-tenth as many frames a day in an old-style plant still operated by Smith to fill the smaller orders. This is basic acceleration—increasing output per individual 10 times, 20 times, or more.

Equally striking are the more recent achievements of the Smith method in the manufacture of large-diameter gas line pipe now needed to make the rapidly extending network of lines to transport natural gas. It was in Florida that the simple, but basically revolutionary, idea of rolling a steel plate longitudinally into a tube and welding it down the seam with an arc occurred to Mr. Smith. An arc weld process, not licensed for use by others though millions have been offered for it, is one of the most prized assets of A. O. Smith Corporation. Here was a new way to use it.

L. R. SMITH

He "brilliantly dramatized dependence of sound industrial development on sustained research," in the words of Glenn Frank, president of the University of Wisconsin

Within four months after his return to Milwaukee, a plant able to make 10 miles of such pipe a day, several times the capacity of all other plants combined at that time, was in operation. A new and larger plant has since been added, capacity stepped up to 32 miles a day, still far ahead of all others combined. Another airplane to transport the sales manager and his assistant has been purchased. The superintendent of pipe-line construction flies his own plane from job to job, frequently 1,000 miles apart.

Between the morning of Friday, June 27 and the evening of Monday, June 30, the Milwaukee plant shipped to points in 5 big gas lines now under construction, 539 cars of pipe, equivalent to 15 trainloads. This is 112 miles of pipe and represents 14,418 tons of steel—sufficient proof of the quality of the foresight that provided for a 32-mile-a-day producing capacity.

Experiments Without Limit

Experimentation on a big, and costly, scale is a matter of routine with Smith engineers. This is well exemplified by work done in developing and perfecting the company's third major product, high-pressure vessels, such as the big oil-cracking stills used in refineries, tanks used in fixation of atmospheric nitrogen and elsewhere throughout the ever-developing chemical industries. A. O. Smith Corporation is the leading producer of thick-walled vessels.

There is no satisfactory way to proof-test the theoretical strength of a big high-pressure vessel other than to explode and destroy it. The cost may be $20,000 or up. Hundreds of thousands have been spent by Smith engineers making such tests. The company has accumulated a fund of knowledge about high-pressure thick-walled vessels that has enabled it to maintain an unbroken record of no failures in operation by purchasers.

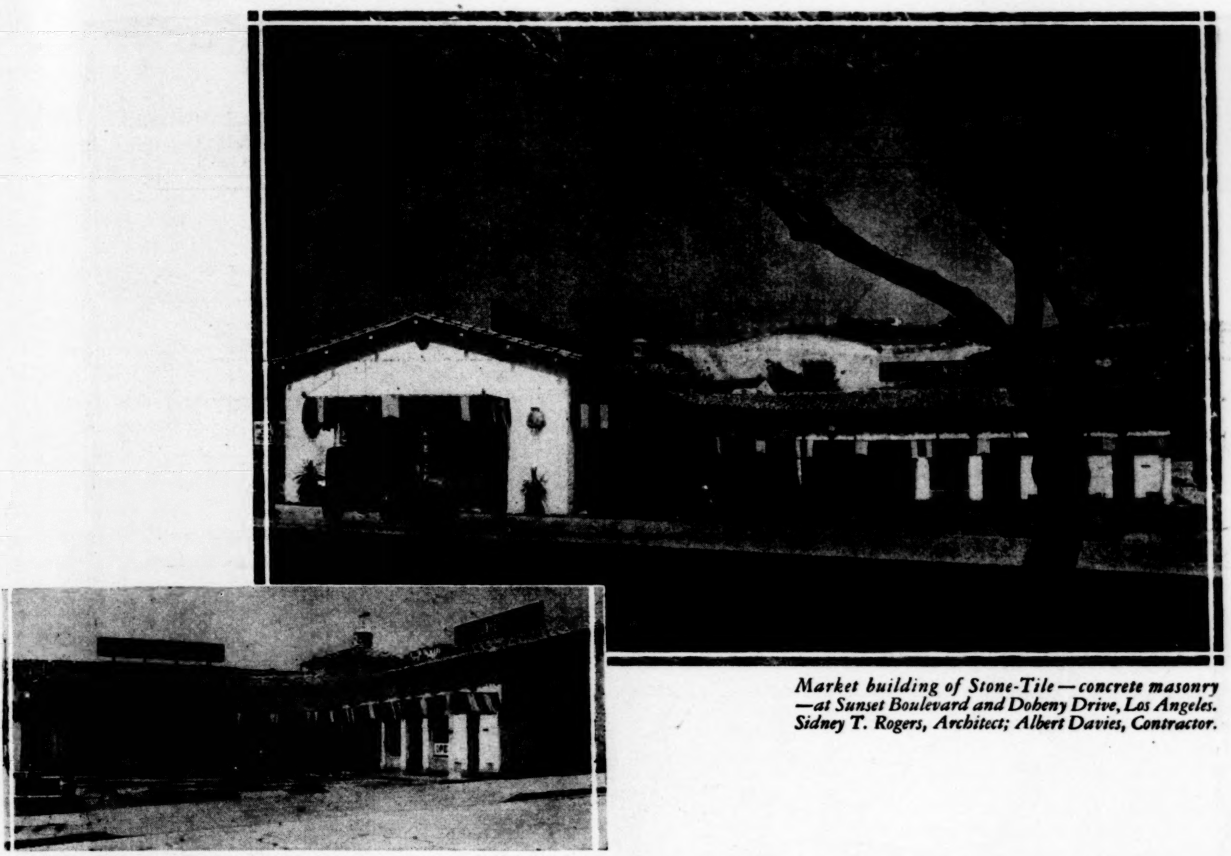
Seeks New Opportunities

L. R. Smith plans to keep his 1,000 engineers looking for new opportunities to apply his one underlying idea, basic acceleration through radical departures from existing processes, methods, and products. Two more applications are well along. Within a year or so the main Smith products are to be increased in number from three to four, if present plans work out.

There is a marked contrast in the atmosphere and methods of the Smith engineering headquarters and the Smith plant.

L. R. Smith insists that his engineers work under conditions "the most conducive to inventive stimulation." These are, he states:

(1) An atmosphere of scientific appreciation; (2) freedom to range mentally; (3) all necessary experimental equipment; (4) relief from financial or other outside distress; (5) plenty of time, no pressure to hurry.



Market building of Stone-Tile — concrete masonry — at Sunset Boulevard and Doheny Drive, Los Angeles. Sidney T. Rogers, Architect; Albert Davies, Contractor.

There *can* be character in a grocery store » »

Concrete masonry and good architecture save "ordinary" business structures from being commonplace. Making honest use of a practical material, the skillful architect can develop a design of pleasing simplicity, character, and dignity.

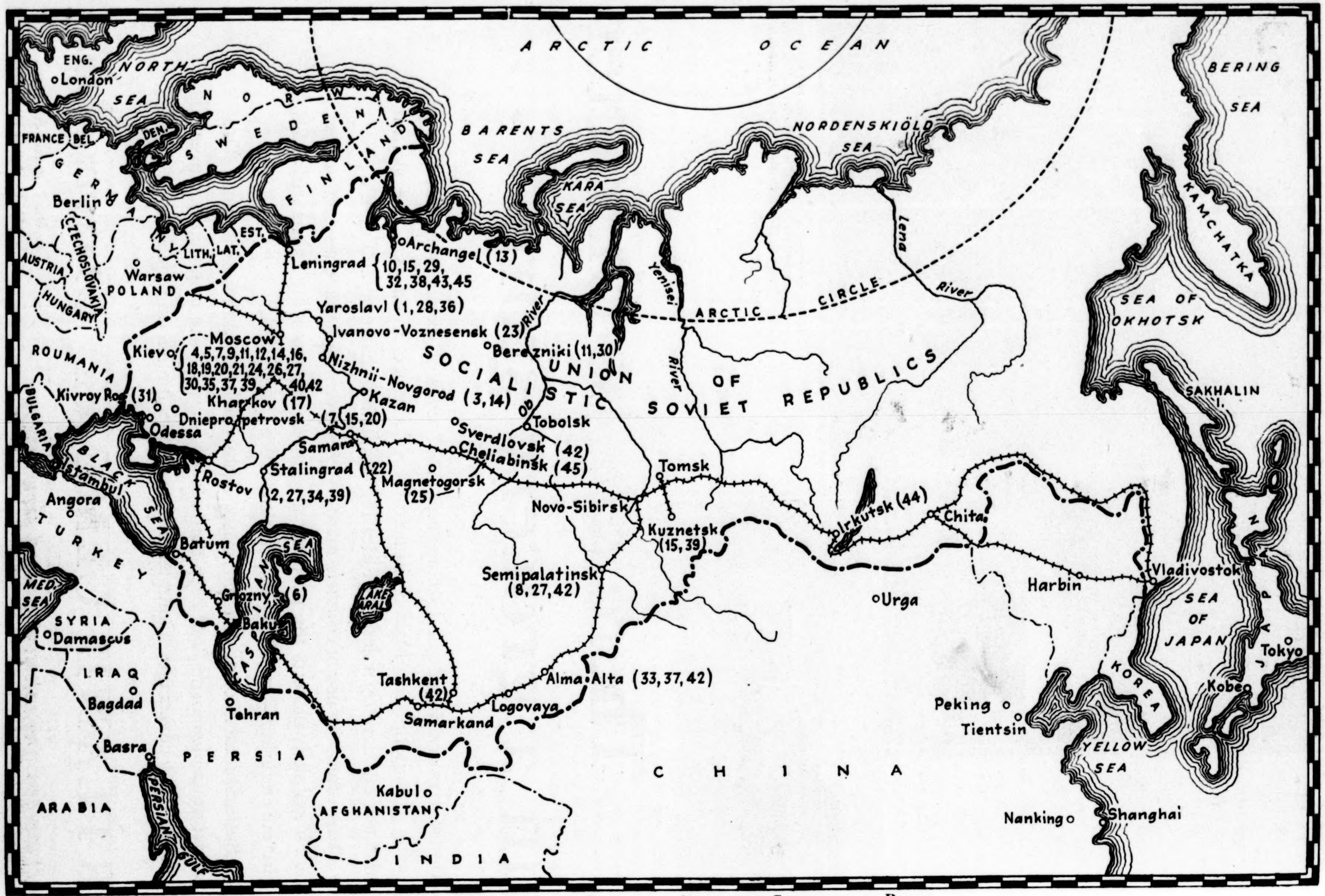
Very often, the use of concrete masonry effects economies in construction cost, and it definitely protects the property investment by providing substantial walls that are enduring — requiring little maintenance — *and firesafe.*

Business structures of concrete masonry thus yield a maximum income. They attract desirable tenants, and keep them. They improve the community. Investigate its many advantages. Complete information supplied on request.

PORTLAND CEMENT *Association*

Concrete for permanence and firesafety

33 WEST GRAND AVENUE
CHICAGO


ARCTIC OCEAN
BERING SEA
BARENTS SEA
KARA SEA
NORDENSKIÖLD SEA
SEA OF OKHOTSK
KAMCHATKA
SAKHALIN I.
SEA OF JAPAN
JAPAN
YELLOW SEA
KOREA
NORTH SEA
ENG.
London
FRANCE
BEL.
DEN.
NORWAY
SWEDEN
FINLAND
EST.
LAT.
LITH.
GERMANY
Berlin
CZECHOSLOVAKIA
AUSTRIA
HUNGARY
POLAND
Warsaw
ROUMANIA
BULGARIA
BLACK SEA
Istambul
Angora
TURKEY
MED. SEA
SYRIA
Damascus
IRAQ
Bagdad
Basra
ARABIA
PERSIAN GULF
PERSIA
Tehran
CASPIAN SEA
LAKE ARAL
AFGHANISTAN
Kabul
INDIA
CHINA
Urga
Peking
Tientsin
Nanking
Shanghai
Harbin
Vladivostok
Tokyo
Kobe
Chita
Irkutsk (44)
Kuznetsk (15,39)
Tomsk
Novo-Sibirsk
Semipalatinsk (8,27,42)
Alma Alta (33,37,42)
Logovaya
Tashkent (42)
Samarkand
Baku
Grozny (6)
Batum
Rostov
Stalingrad (22)
(2,27,34,39)
Samara
Magnetogorsk (25)
Cheliabinsk (45)
Sverdlovsk (42)
Tobolsk
Berezniki (11,30)
Kazan
(7,15,20)
Nizhnii-Novgorod (3,14)
Ivanovo-Voznesensk (23)
Yaroslavl (1,28,36)
Leningrad {10,15,29, 32,38,43,45
Archangel (13)
Moscow {4,5,7,9,11,12,14,16, 18,19,20,21,24,26,27, 30,35,37,39, 40,42
Kiev
Kharkov (17)
Dniepropetrovsk
Odessa
Kivroy Rog (31)
UNION OF SOCIALISTIC SOVIET REPUBLICS
Ob River
Yenisei River
Lena River
ARCTIC CIRCLE

LOCATION OF AMERICAN TECHNICAL ASSISTANCE CONTRACTS IN RUSSIA

Numbers on the map correspond to the list on the opposite page and show headquarters of American engineers who are in Russia to help carry out the details of the Soviet Five-Year (1928-1933) Plan which calls for an investment of $32 billions. Germany is the only country supplying more engineers than the United States

More Than 600 Americans Are Now Working for the Soviets

Under Technical Assistance Contracts, They Are Advising on Projects Scattered All Over Russia

STATISTICIANS have not yet discovered, perhaps never will, the exact value of Soviet orders which have been brought to the United States as a direct result of the influence of American technicians and engineers who are employed by the Soviet government as advisers. More than 600 Americans are now in Russia in advisory capacities; 78 have left for Moscow since January 1 for work with the Soviet non-ferrous metal industry alone.

Not necessarily because their projects are larger, but because of the scope of their counsel, the largest groups of American technicians are maintained by Albert Kahn, Inc., whose engineers, besides designing the Stalingrad tractor city, are advising the Soviet Supreme Economic Council on industrial construction; by the Austin Co., handling the designing and constructing of the automobile manufacturing center at Nizhni-Novgorod; by the Freyn Engineering Co., working as consulting engineers to the State Institute for the Designing of Steel Mills, and constructing the new mills and city in the Kuznets Basin; and by Arthur G. McKee & Co., who are consultants to the Bureau of Construction of the Magnitorgorsk Steel Mill in the Urals.

Americans in Second Place

Of the 104 technical assistance contracts in force on March 1, 1930, the largest number was with Germany. The United States held the second largest number, with England, France, and Italy trailing.

The following is the list of technical assistance agreements concluded by Soviet organizations with American manufacturers and engineers. These are numbered and the same numbers, repeated on the map, show where the projects they are working on are located in the U. S. S. R. In addition there are other contracts with individual American engineers who are working on scattered projects throughout the Soviet territory.

1. Akron Rubber Reclaiming Co.—Technical assistance to the Soviet Rubber Trust in the construction of a reclamation plant.

2. Allen and Garcia Co.—Technical assistance to the Donetz Coal Trust.

3. Austin Co.—Technical assistance in construction of the Nizhni-Novgorod automobile plant.

4. Arthur J. Brandt—Expansion of the Amo (Moscow) automobile plant for the Avtotrest (Automobile Trust).

5. Brown Lipe Gear Co.—Technical assistance to Avtotrest.

6. Burrell-Mase Engineering Co.—Rationalization and expansion of the gas and gasoline industry for Grozneft (Grozny Oil Trust).

7. Hugh L. Cooper & Co.—Consulting engineers on the construction of the Dnieper River $110,000,000 hydro-electric power plant in the Ukraine.

8. Arthur P. Davis, Lyman Bishop & Associates—Consulting engineers on the irrigation projects of the Sredazvodkhoz (Central Asiatic Water Economy) in the vicinity of the new Turk-Sib Railroad.

9. Deuber-Hampden Watch Co.—Former executives when the plant was at Canton, Ohio, are advising the Soviet Precision Machinery Trust until the new plant is completely set up.

10. Frank E. Dickie—Technical assistance for Aluminstroy (Bureau for Construction of Aluminum Plants).

11. E. I. DuPont de Nemours & Co.—Technical assistance in erecting fertilizer plants at various places throughout Central Russia.

12. Electric Auto-lite Co.—Technical assistance to United Electrical Industries in production of electrical equipment for automobiles and tractors.

13. Hardy S. Ferguson & Co.—Technical assistance to Severoless (Northern Lumber Trust) for construction of the paper mill near Archangel.

14. Ford Motor Co.—Technical assistance in the construction and operation of the Nizhni-Novgorod automobile factory, planned to cost $40,000,000, and to have annual production of 120,000 cars and trucks of Ford A and AA models.

15. Freyn Engineering Co. — Consulting engineers for the Gipromez (State Institute for the Designing of Steel Mills) for plants to be reorganized or constructed in various parts of the country; recently awarded $150,000,000 contract for construction of steel mills and workers' city in Kuznets Basin.

16. Harry D. Gibbs—Technical assistance in aniline industry.

17. Goodman Manufacturing Co.—Technical assistance in the construction of a factory at Kharkov to produce coal cutters.

18. Hercules Motor Co.—Assistance in the production of engines for trucks in the Amo automobile plant.

19. John J. Higgins—Technical assistance to State Electro-technical Trust.

20. International General Electric Co.—Technical assistance in the Soviet electrical industry and exchange of patents with the State Electro-technical Trust.

21. Irving Air Chute Co., Inc.—Technical assistance in the aviation industry.

22. Albert Kahn, Inc.—Designing of buildings for the $8 million Stalingrad tractor factory, and the $3 million Moscow plant to assemble Fords; also contract to render general consultation services to Supreme Economic Council as architects on industrial construction.

23. Lockwood Greene & Co.—Technical assistance in the reorganization and reconstruction of new plants.

24. McCormick Co.—Designing of baking plants.

25. Arthur G. McKee & Co.—Technical assistance on the $240 million project to develop Magnetogorsk as a steel center.

26. McDonald Engineering Co. — Construction of industrial plants.

27. Mechanical Manufacturing Co.—Technical assistance in the meat-packing industry for plants at Moscow, Semipalatinsk, and Rostov.

28. Multibestos Co.—Technical assistance in creating an asbestos plant at Yaroslavl.

29. Newport News Shipbuilding & Drydock Co.—Technical assistance in the construction of turbines.

30. Nitrogen Engineering Co.—Technical assistance in constructing and operating a large ammonia fertilizer factory.

31. Oglebay Norton Co.—Technical assistance to Yurt (Southern Ore Trust) in the design, construction, and operation of iron mines.

32. Radio Corporation of America—Exchange of patents and technical information with the Soviet Weak Current Trust.

33. Radiore Co.—Technical assistance to United Non-Ferrous Metals Industries in location of ore deposits.

34. Roberts & Schaefer Co.—Technical assistance to the Donetz Coal Trust.

35. C. F. Seabrook Co.—Technical advisers for roadbuilding, Moscow district.

36. Seiberling Rubber Co.—Designing and assisting in the constructing of a rubber tire plant for Rezinotrest (Soviet Rubber Trust).

37. Southwestern Engineering Corp. — Assistance to United Non-Ferrous Metals Industries in the design, construction, and operation of concentration plants.

38. Sperry Gyroscope Co.—Technical assistance in the manufacture of marine instruments.

39. Stuart, James & Cooke, Inc.—Technical assistance in the coal industry in the Donetz and Kuznets Basins.

40. Timken-Detroit Axle Co.—Technical assistance to Avtotrest.

41. Westvaco Chlorine Products, Inc.—Aid in production of chlorine for United Chemical Industries.

42. Archer E. Wheeler & Associates—Technical assistance to United Non-Ferrous Metals Industries.

43. J. G. White Engineering Co.—Consulting services for Svir hydro-electric plant near Leningrad.

44. Norman L. Wimmler—Technical assistance to United Non-Ferrous Metals Industries for mines near Irkutsk.

45. W. A. Wood—Technical assistance to United Non-Ferrous Metals Industries for manufacturing plants in Leningrad, near Moscow, and near Cheliabinsk.

Pointing toward

Increased

Business Activity

Commodity prices have been depressed to a level where an encounter with more normal buying demand seems likely.

Curtailed production has brought about reduced inventories, and is creating a situation that promises to turn the production index upward again.

There are indications that bank deposits have been increasing steadily since early spring.

Credit is easy.

The harvesting and marketing of crops—the major business event of the year to a large part of our population—is now getting under way.

ALL these signs point to greater business activity. A discussion of the general business prospect appears in the current issue of our quarterly Investment Bulletin, just published.

Other features of interest in the Bulletin include a non-technical statement regarding the operations of the newly organized Bank for International Settlements; a short review of the bond situation; facts regarding a group of bonds which we regard as sound investments; and a survey of four concerns whose stock is of interest at current levels.

We shall be glad to mail a copy of the Investment Bulletin upon request.

Ask for BW6

A. G. Becker & Co.

Sound Securities for Investment

54 PINE STREET, NEW YORK · 100 SOUTH LA SALLE STREET, CHICAGO

Soviet Orders Rise in June

RUSSIAN purchases in the United States in June totaled $4,255,500, a gain of 46% over May orders but a drop of 34% below June of last year. While purchases during the first half of the current Soviet fiscal year, beginning October 1, 1929, amounted to $59,974,000 and were more than three times those for the corresponding 6 months of the preceding fiscal year, orders placed in the following 3 months came to only $10,402,000 and were 3% below the purchases made in the same 3 months of 1929. Orders for industrial and electrical equipment, the most important group of Soviet purchases in this country, amounted to $2,809,000 in June, a small gain over the low point reached in May, but 29% under June, 1929.

Two shipments of Russian lumber recently tied up in American ports were denied admission until appeals were made by representatives of European nationals of the countries in which the vessels were registered, and Washington took second thought on the matter. Most interesting outcome of the matter is the report from Washington that the Treasury Department will send a representative to Russia to investigate whether or not various items included in imports from Russia are produced by forced labor. That is the charge on which demands have been raised here for the exclusion of Soviet lumber, coal, and matches.

More encouraging to the United States manufacturers who have been willing to risk self-determined credits to share in Russian orders, is the announcement that the Amtorg has opened offices in Seattle. Soviet purchases from firms along the Pacific Coast totaled only $3 millions in 1927-28, rose to $8½ millions in the first 6 months of the present fiscal year. The Caterpillar Tractor Company, Emsco Derrick and Equipment Company, Hughes Tool Company, Seattle Continental Can Company, Smith Canning Machinery Company, and the Anderson-Barngrover Machinery Company have handled large orders.

Preliminary estimates for capital investments, in the Far Eastern development, call for expenditure of $150 millions, the bulk to go for various types of machinery, logging and sawmill equipment, fishing requisites, mining machinery, and at least 4000 tractors.

Flexible Clauses in Tariff May Really Mean More Now

Changes in 1930 Bill Not Nearly So Important As New Atmosphere Surrounding Question

"LET me write the administrative provisions of the tariff and I do not care who shapes the rate schedules."

Thus a witness before a committee of Congress characterized those complex sections whereby the entire customs system is fixed and regulated. So nearly has the administration had its say here that Congress has been brought to delegate almost plenary power over all dutiable items. The Tariff Commission emerges with almost as free rein within its field as ever has been accorded to a federal agency. Powers of the Treasury Department in applying the law also have been broadened.

So much is on paper. It remains to be seen how far the administration will go in utilizing its new authority, how wisely, and how effectively.

Center of Controversy

Of all the tariff changes, the flexible provisions are the most important. Viewed by some as a means to mold an onerous system closer to the heart's desire and by others simply as an added element of uncertainty in that system, the strengthened flexible section stands as a big question mark in business and politics, and tariff agitation and controversy will revolve around it for years.

Already manufacturers, importers, and politicians alike are jumping at the new rubber bars in the tariff fence to see how far they will stretch and who will be hit by the rebound.

While nothing will be certain until the new commission is appointed and gets into its stride, the prospects for a better tariff deal seem hopeful. Pessimists point out that much was expected when tariff flexibility was started in 1922, but that little good came of it. The flexible provisions of the Fordney-McCumber Act were hailed as are the present provisions as a means of taking the tariff out of politics, but they only removed the politics from Congress to the commission and the White House. In his campaign speeches President Hoover himself attacked the Democratic proposals for a more scientific, non-partisan Tariff Commission on the ground that Congress should never delegate its tariff-making powers.

This time the situation looks different. The atmosphere surrounding the flexible provisions is new and more tense. There is not only a more widespread interest in their operation, but also a much stronger pressure from domestic and foreign sources upon the Tariff Commission to make them work effectively, and in the general interest.

Pacific & Atlantic

A. P. DENNIS

Vice-chairman of the Tariff Commission who, Washington thinks, is certain to be reappointed

Protected industrialists formerly could put their dime in the tariff slot machine and confidently expect to get back at least one dime and maybe 15 cents. Now there's a chance that only a nickel would come out. This element of possible reduction is acting as a deterrent against requests for higher duties. For example, a group recently filed an investigation request covering the rates on milk products—milk, cream, powdered and condensed milk, butter, cheese, and casein. Evidently this group suddenly remembered that the commission previously had recommended lower rates on some of these. The request was withdrawn.

The actual changes in the law are not so significant as this changed atmosphere in which it will be applied. The Tariff Commission remains as before a bi-partisan body of six members with the terms of office reduced from 12 to 6 years and the salaries raised from $9,000 to $11,000. Present appointments terminate within 90 days of the passage of the Act or sooner as the President directs. It seems likely that the commission will be thoroughly remade. A. P. Dennis, vice-chairman, seems slated for reappointment and possibly E. B. Brossard, chairman.

What is flexibility? It is the power to change the rate on a dutiable commodity by 50% up or down, but not to transfer commodities to or from the free list. Formerly the commission developed the basic data for a requested change and the President made the rate. Now the commission is to recommend what rate shall be set, the President being able to accept or veto but not to change. Rate changes cannot become effective without presidential approval, but no time limit is fixed within which the President must approve or disapprove.

Has Broad Powers

More important than the power of fixing rates, is the commission's broader latitude in choosing the data on which changes are based. In being able to substitute invoice value or wholesale prices for actual foreign cost of production determinations, its effectiveness is increased tremendously.

The new law goes even further, permitting the commission to consider, in addition to costs, "other relevant factors that constitute an advantage or disadvantage in competition, including advantages granted to the foreign producers by a government, person, partnership, firm, or corporation." This ought to cover almost everything and is one of the vital unknowns of the 1930 tariff.

These are by all means the most important changes in the entire tariff. To arrive at a rate which will equalize foreign production costs with those of American producers still is the aim, but under the old law commission examiners had to make field determinations of cost all over the world. For example, agents were sent to the South Seas to arrive at the cost of producing a cocoanut, and to China to ascertain the cost of producing an egg. These treasury investigators were a thorn in the side of foreign countries, and may now be called off.

Using the alternative figures of invoice value or wholesale price, the commission should be able to complete an investigation in a small fraction of the time formerly necessary. It will have to work fast if it is to handle the flood of requests now pouring in. During the three weeks following the passage of the Tariff Act, more investigations were requested than in the previous three years. Most of these are from Congress and thus are tantamount to orders. The President also can ask for a rate investigation. Private individuals may apply, but the commission can decline to act if the cause seems insufficient. The commission may act on its own volition but the work now piled up should restrain its initiative for some time. Either house of Congress may request investigations independently.

Many Changes Requested

Here, for the first time in print, is a complete list of changes requested up to July 10, compiled by the commission by direction of a resolution of Senator George.

Filed by private interests:

Soups, by the Campbell Soup Co.; items covering almost the entire wool schedule, by the Carded Woolen Manufacturers' Association, interested in lower rates on rags and shoddy; green peppers and fresh tomatoes, by several groups of produce dealers; pulpboard in rolls, by the Certain-teed Products Corp.; bamboo-handled tooth brushes; hemp cords and hemp yarn; maple sugar and maple syrup; parachlormetacresol.

Lace and lace articles; shoe laces, halibut fishing lines; umbrellas and umbrella covers are covered in requests for investigations.

All of these are requests for decreases, except on wool, where "adjustment" is wanted, and hemp cords, on which an increase is desired.

Congressional requests:

Senator Borah's resolution: men's and women's shoes, furniture, cement, shovels, hose, spades, scoops, forks, rakes, scythes, sickles, grass hooks, corn knives, and drainage tools.

Senator Copeland wants equalization data on: wood flour; organs; pipes, bowls, and smokers' articles; reptile skins for shoe purposes; wool felt hats (presumably including hat bodies); wool floor coverings; pigskins.

Other House and Senate requests: ultramarine blue; sugar and the differential for refining; pig iron.

This looks like a big order and it is. If, as in the past, the commission turns out only about 10 cases per year and takes two years to run through a case, it will be time for another general revision almost before a start is made. But if, as seems likely, it will be possible to complete a case in three months and turn out 50 to 100 decisions per year, maybe another Congress-made political tariff will not be upon us for many a year.

Pacific & Atlantic

E. B. BROSSARD

Chairman of the old Tariff Commission, but not so sure of a job on the new one

Such speed could be made possible by setting up the commission as a quasi-judicial body instead of merely a fact-finding agency. The burden of proof could be put on the applicants by requiring a factual basis for applications and by holding hearings in which interested parties must make their case for or against a rate change. Preliminary investigations by the commission could be eliminated and the federal examiners used simply to check or amplify the facts brought in by parties at issue.

Even with this simplified procedure, the job is not easy and probably will entail a large growth in Tariff Commission personnel. What makes the work difficult is that there really is no such thing as a scientific tariff rate. If a staff of economists, engineers, accountants, lawyers, and trade experts were to set out with the best will in the world to make a rate which would equalize costs in the principal market of the United States with those of the main foreign competitors, their task would be hopeless.

The factors are complex beyond understanding, the facts are hard to get. Worst of all, they don't stay put—they change with every ripple on the surface of the currents of trade.

The most that can be accomplished is a rough approximation of equality; a lessening of manifest outrages. That is a great forward step.

Whatever the disappointments in the flexible provision over the past eight years, the tariff is such an issue now that the administration can not afford to misuse its rate-making powers even if disposed to do so. Business can probably look forward to a Tariff Commission which will carry on without listening to pleas other than those which are made in open hearings. A procedure probably will be established similar to that of the Interstate Commerce Commission and the Federal Trade Commission so that rate determinations will follow uniform methods rather than be shaped by outside pressure and by caprice.

The main fear of the new flexibility has been that it will tend to raise rather than lower rates. Under the 1922 law, increases were made in almost every important case such as wheat, flour, pig iron, butter, and straw hats, while the decreases were on such little things as paint brush handles and bob white quail. Decreases were recommended on sugar and linseed oil but not made.

Despite this unfavorable record, or because of it, the new commission is thought just as likely to reduce rates as to raise them.

Exporters May Appeal

Finally, this tariff has brought a new factor into the picture. The foreign consumer of American products has become as important as the American consumer of foreign and domestic products. The export industries left unprotected by this tariff are vitally interested in using the flexible provisions to prevent any form of foreign discrimination and retaliation, or the growth of foreign boycotts or antagonisms against American products.

The new flexible provisions still provide the old weapons against outright discrimination, in the form of retaliatory rate increases, embargoes, etc. But by making it possible for the President, or any interested party, or Congress, or the commission itself to initiate investigations of rates where they may be working harm to our export inter-

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Newaloy Sheets

AN 18-8 CHROMIUM NICKEL STEEL

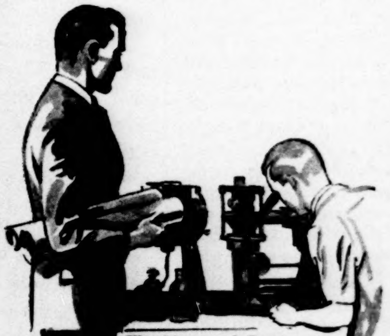
A timely announcement of exceptional interest to all steel sheet users alert to modern trends.

The almost unlimited uses and possibilities for 18-8 non-corrosive and heat-resistant alloy steels in present day and future products, demanded a Newsteel Sheet of such properties to meet the insistent call. So Newsteel developed NEWALOY Sheets and recommend their use with unhesitating confidence.

Constant success and satisfaction experienced by manufacturers with other types of Newsteel Sheets is a dependable indication of the high standards to expect in Newaloy Sheets.

Newaloy Sheets are here—and like all sheets of Newsteel Engineered Quality—are here to provide the right sheet for the particular product. If there are possibilities for an 18-8 alloy sheet in your product, complete data on Newaloy Sheets will be invaluable to you. Write to us for such information.

THE NEWTON STEEL COMPANY, YOUNGSTOWN, OHIO
Detroit Cleveland Chicago New York Indianapolis
PLANTS AT NEWTON FALLS, OHIO AND MONROE, MICHIGAN



The Newsteel Engineer's close personal attention and interest in your particular problem is an important phase of Newsteel NEWALOY Sheet service. It promotes successful results. Call him in.

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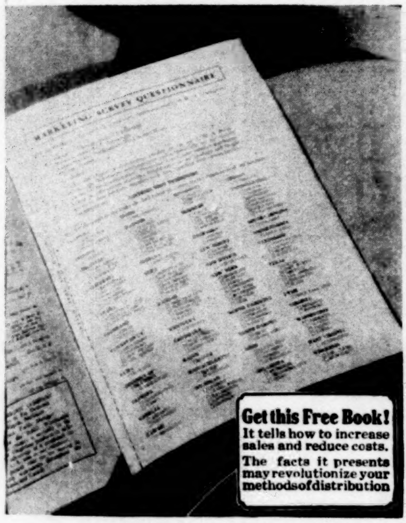

Get this Free Book!
It tells how to increase sales and reduce costs. The facts it presents may revolutionize your methods of distribution

Let Us Give You the Facts . . . Then *YOU* Decide!

Public warehousing is a subject which has proved of vital interest to alert business executives during this year of intense competition, 1930. Manufacturers and distributors who study the A. W. A. plan of distribution find to their delight that it is the most economical and most effective method of maintaining spot stocks in strategic locations throughout the country.

The member warehouses of the A. W. A. do everything that branch houses of your own could do in the physical distribution of your merchandise. We receive your goods in carload or less-than-carload lots . . . store it for you until needed . . . and then distribute it wherever you wish—to jobbers, dealers or users.

Wherever you are now shipping your goods in less-than-carload lots, we can help you arrange for carload shipments to a central market . . . then break up your carloads into smaller lots for reshipment a short distance to final destination. Your saving in freight will be large and you will speed up delivery by days or weeks.

This is the sort of thing our member warehouses are doing every day of the year for Beech-Nut, Bon Ami, Borden, Carnation Milk, Colgate, Comet Rice, Karo, Mazola, Argo, Linit, Flit, Vacuum Oil, Federal Match, Kotex, Hoover Sweeper, Lux, Rinso, Lifebuoy Soap, Mellin's Food, Postum, Ivory Soap, Quaker Oats, Tanglefoot, Vick's Vapo-Rub . . . and thousands of other products, made by manufacturers large and small. These nationally-known distributors have successfully used our services for years to distribute their products economically. Possibly the same plan of distribution will help you! We invite you to investigate.

A 32-page booklet, recently published, will give you the preliminary facts. Our Marketing Survey (made on request, without obligation) provides the detailed information you need to determine how the plan affects your specific problems.

Merchandise Warehouse Division
AMERICAN WAREHOUSEMEN'S ASSOCIATION
1760 Adams-Franklin Building
Chicago, Illinois

ests, the new flexible provisions provide also an instrument of conciliation. Exporters and foreign countries will for the first time have a tribunal to which they can appeal, directly or indirectly, where trade interests are vitally damaged. So it really does look this time as though the flexible provisions are going to flex, letting down some of the heavy rates which are now out on a long and limber limb. There is no reason why this should cause business upsets or uncertainty, because the changes will come one by one with ample forewarning.

Importers can rejoice not only because of the flexibility which promises rate relief but because of the much better treatment which they are getting in the hands of customs men and customs courts. The special and administrative provisions of the tariff have been thoroughly revised to give improved import handling all around. Just how will be told in another issue of *The Business Week.*

Ford Chief Gainer as Italy Increases Motor Car Tariff

THE unheralded increase ranging from 100% to 170% in Italian import duties on automobiles will effectually bar profitable importation of American cars; it will not seriously affect our foreign trade in motor-vehicles; it demonstrates anew the far-sightedness of Henry Ford.

The new scale of duties raises the tariff on Ford cars from about $150 to $300. Larger and heavier cars are assessed correspondingly higher rates. Since previous duties virtually barred American imports, there is little chance that future Italian purchases of American-made cars will be important.

Complete loss of the Italian market will not seriously affect American exports. The business has been steadily declining and in 1929 amounted only to $1,270,000—less than ½% of our total automobile exports. In 1928 we exported 3,000 cars and trucks to Italy; in 1929 about 1,600; in the first 4 months of 1930 exports were slightly over 400, valued at about $325,000.

Almost simultaneously with the new tariff rates has come the announcement that Ford and Isotta-Fraschini have reached an agreement whereby the latter company is to manufacture Ford cars for the Italian market. By this stroke Ford outwits the new tariff law, overcomes the objections hitherto held by the Italian government to the entrance of foreign concerns, and is placed on even terms with Fiat, which has had almost a monopoly of the Italian small car market.

Ford equipment will be shipped to Italy and eventually cars will be completely built there. Until operations get thoroughly under way about 30% of the necessary parts—chiefly unfinished castings and forgings—will be shipped from Detroit. Article 2 of the new tariff bill suspends the new high rates on rough cast parts under certain circumstances until Dec. 31, 1930. In other words, while the Italian Ford factory is getting into production, its operations will not be restricted by the new tariff which will eliminate outside competition.

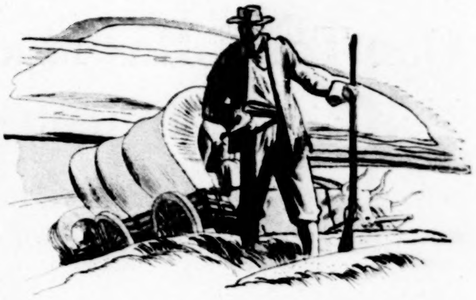
Because of the great importance of Fiat to Italy's military progress and its consequent political power, it is considered by informed persons that some arrangement has been made to share the Italian car market. It seems likely that the Isotta-Fraschini combination will keep the very high and very low price group and leave the medium price market to Fiat. This would effectually cover the market and, with added domestic competition offered by Alfa Romeo, Ansaldo, Itala, Lancia, and a few others, would make a difficult proposition for other exporters.

Another Annual Link To Chain Store Statistics

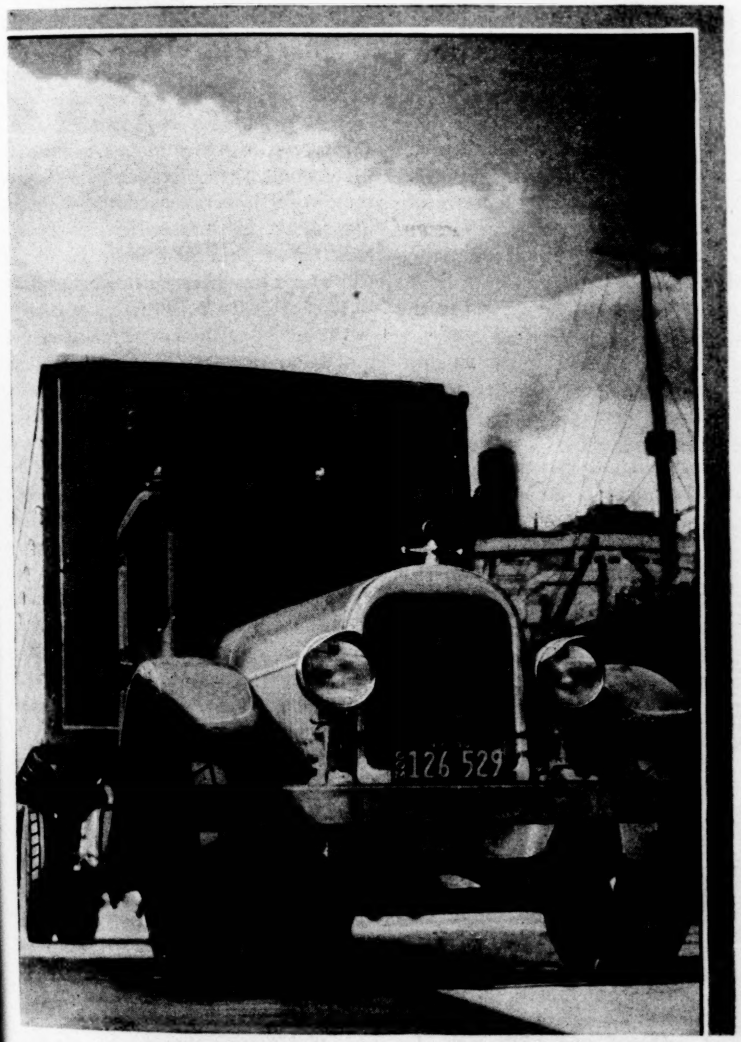
ABOUT one-ninth of the estimated total retail sales of the country are made from chain stores whose distribution in the last 20 years has grown from less than $500 millions of goods to more than $5 billions. Statistics of operation on 79 leading chains covering the years 1927-1929 are set forth in the expanded 1930 edition of "Chain Store Statistics" published by E. A. Pierce.

Reported ratios of net to sales for these chains offer some interesting comparisons. The 1929 figures showed, among grocery chains—2.48% for A. & P., 2.06% for Kroger, 10.04% for Jewel Tea, 4.44% for First National

NEW YORK STATE still offers Pioneer opportunities



The pitfalls in the path of manufacturers today are just as real as the dangers confronting the pioneer of covered wagon days.



THE motor-truck replaces the covered wagon. The riveter's rat-a-tat drowns out the frontier rifle. Yet hazards still await the manufacturer.

Of these, the growing cost of distribution is the worst. Too many factories waste their profits in excessive marketing expense.

In the new science of plant-location, the search is no longer for a site where raw materials happen to be. Six other factors are now weighed. Of these, the two most favorable to New York State are:

1. ***Lower cost of distribution***
2. ***Lower cost of electricity***

For in New York State centers the world's greatest group of consumers. At your back door, there are ships to carry your goods to all the earth.

Quite as outstanding, although not as vital, are your savings in power costs. Niagara Hudson's rates are far less than the nation's average.

You will have all the other advantages too: Transportation facilities are unexcelled. Basic raw materials are available either within the borders of the State, or close by. Unlimited capital is available. Labor is plentiful and productive.

For further information, please write for our new illustrated booklet. There will be no personal follow-up of any kind. If you wish further facts as to your own business, you can command the services of our engineers. They will give you technical analyses, free from salesmanship. Address Niagara Hudson Power Corporation, Industrial Development Bureau, Albany, N. Y.

Write for our book, describing the industrial territory served by Niagara Hudson Power Corporation, including among others the localities listed below.

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CORTLAND
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DOLGEVILLE
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FAIRPORT
FALCONER
FORT EDWARD
FORT PLAIN
FRANKFORT
FREDONIA
GENESEO
GLENS FALLS
GLOVERSVILLE
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GOWANDA
GREEN ISLAND
GREENWICH
HAMBURG
HERKIMER
HOMER
HUDSON
HUDSON FALLS
ILION
JAMESTOWN
JOHNSTOWN
KENMORE
LACKAWANNA
LANCASTER
LEROY
LITTLE FALLS
LOWVILLE
LYONS
MALONE
MASSENA
MEDINA
MOHAWK
NEW YORK MILLS
NIAGARA FALLS
N. TONAWANDA
NORWOOD
OGDENSBURG
OLEAN
ONEIDA
OSWEGO
POTSDAM
PULASKI
RENSSELAER
ROME
ROTTERDAM
ST. JOHNSVILLE
SALAMANCA
SARATOGA SPRINGS
SCHENECTADY
SCOTIA
SKANEATELES
SOLVAY
SYRACUSE
WILLIAMSVILLE
TONAWANDA
TROY
UTICA
WATERFORD
WATERTOWN
WATERVLIET
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WESTFIELD
WHITEHALL
WHITESBORO

[*Hear Niagara Hudson broadcast fascinating stories of New York State. Every Thursday night 7:30-8:00 WEAF, WGR, WGY, WSYR.*]

Our Tariff Has Made Converts For Protectionism in Europe

Wherever the Issue Has Been in Doubt, We Have Added the Straw to Break the Free-Trader's Back

THERE is little doubt now that the passage of the new tariff has helped to swing political sentiment abroad decisively toward high protectionism. The drift in this direction has been steady and definite for a year or more. Even the British Labor Party has been moving, or has been forced, more and more into consideration of protectionist policies (*The Business Week*, June 18). The slightly constructive results of the tariff truce conference at Geneva early this year have been cancelled with the refusal of Germany, Poland, and Czechoslovakia to ratify even the tentative agreement there reached.

Almost every European country has increased duties on grain and other agricultural imports. In the past 6 months, Australia, Canada, Cuba have made drastic and more or less general increases in their tariffs. Austria is a recent addition to the list and perhaps the most striking example of the protectionist state of mind because this small "island," left in the midst of Europe by the war, is more completely dependent upon foreign trade than even Great Britain.

It would be a mistake to consider this rapid drift toward protective policies as a retaliation against the United States, for in most of these countries higher protectionist policies were under consideration before anything definite was known about American policy. The gradual spread of business recession and decline of prices during the past year and longer in some countries has probably been the main factor. But the new American tariff doubtless was the straw that broke the free-trader's back in every country where the issue was to any degree in doubt.

The recent increase of duties on automobile imports by Italy was sudden and severe but, as Secretary Lamont has said, it is probably not wholly a measure of protest or retaliation against the United States but a more or less genuine attempt to protect the Italian automobile industry, in line with the general drift toward protection in Europe.

Roumania and Jugoslavia have agreed on a plan of tariff cooperation which is expected to launch the agrarian bloc which has been under discussion for a year or more among the chief agricultural countries of Central Europe. Hungary is to be approached, and later the industrial countries, with the idea that they may make tariff concessions on agricultural products in return for concessions on industrial tariffs.

Portugal Falls in Line

Portugal has announced its intention to raise its duties in proportion to the new tariff increases of the United States which may affect exports from Portugal.

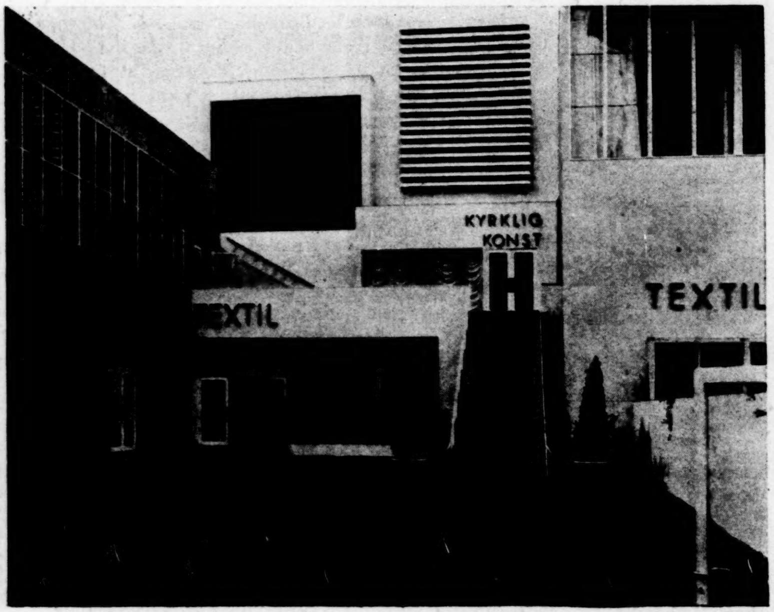
The latest and most significant development in this ominous trend toward protectionism the world over is the somewhat mysterious manifesto declaring for an Imperial tariff policy, with free trade within the Empire, issued last week by a group of British bankers.

This declaration fell like a bombshell in the midst of the heated discussion of protection now going on in England, because of the formidable list of signers, including directors of all the "Big Five" banks, the Bank of England and leading private banking institutions. It was the more startling because among the signers was Reginald McKenna, former Chancellor of the Exchequer and now Chairman of the Midland Bank. He has always been an ardent free-trader and, along with other bankers from all countries, signed an equally notorious manifesto 4 years ago declaring that the growth of protection and other obstacles to international trade threatened a world financial collapse unless it were checked.

Looks Like an "About Face"

British banking interests have always been emphatic defenders of British free trade policy and this new declaration looks like an "about face" in the strongholds of free trade. It comes after similar expressions by the British Chambers of Commerce, the Federation of British Industries and the Economic Committee of the Trades Union Congress, during recent months.

The manifesto has a touch of retaliatory spirit about it in that it refers to British disappointment at the failure of the hopes expressed 4 years ago in a plea for removal of restrictions upon European trade. Instead, it says, these restrictions have materially increased and the sale of surplus foreign products in British markets has steadily grown.



Bonney

THIS IS "FUNCTIONALISM"

Stockholm's Exhibition of Decorative Arts emphasizes metal and glass in rectangular designs. "Functionalism," the adopted keynote, means that the architecture is supposed to typify the use to which it is to be put. It is well to explain this to old-fashioned folk—like us

Although the signers still hope for an ultimate extension of the area of free trade through the world, they believe that immediate steps should be taken to secure and extend the market for British goods through reciprocal trade agreements between the nations constituting the British Empire. In order to secure these agreements, Great Britain must retain her open market for all Empire products with duties on imports from other countries.

Sees End of Free Trade

This declaration is hailed by the conservative groups, as well as Lord Beaverbrook's adherents, as the end of an epoch, bringing to a definite close the great free-trade chapter in British economic history which opened with Cobden.

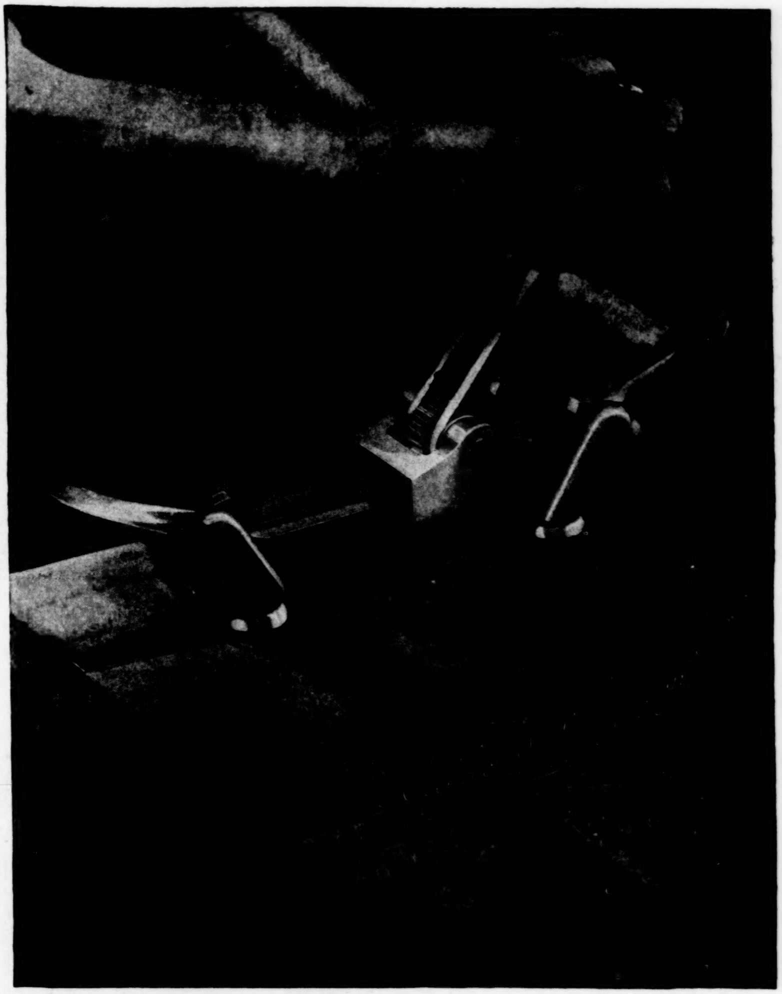
Staunch free-traders are still skeptical as to the sincerity or even the reality of this declaration. Sir Josiah Stamp says that a day or two before the statement was published, at least two of the bankers who signed it were as staunch free-traders as they ever had been.

Mr. Snowden, who still upholds the free-trade wing of the Labor Party, laughed off the bankers' pronouncement by saying that of the fourteen signers only half appeared to be bankers, and that "nothing so impudent professing to represent financial opinion has been forthcoming since the notorious manifesto of the three tailors of Tooley Street," who, according to Canning, once addressed a petition of grievances to the House of Commons beginning, "We, the people of England."

Confuses Labor Party

Former Prime Minister Baldwin, however, has been quick to seize the opportunity afforded by this declaration to drive a wedge into the widening rift within the Labor Party on the tariff question in the hope of forcing a new election in the autumn, and defeating Labor on the protection issue. The Imperial Conference which assembles in September will bring the issue to a head. J. H. Thomas, made Minister for the Dominions, to prepare for this conference, leads the protectionist wing in the Labor Party, and it is probable that the party will be forced to make some concession to the protectionist point of view in order to save itself.

As noted in *The Business Week* (June 18, 1930), the crucial difficulty lies in the fact that Imperial protection will involve taxing food and raw materials, the larger part of which Britain gets from sources outside the Empire.



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. . . and others are making savings just as interesting

This tempered steel reinforcement, tensioned and sealed around shipping containers with Acme Strapping Tools, permits the use of lighter lumber, saving in material costs and freight charges. . . . . . The above figures would be higher if freight savings were included.

Let one of our representatives call with "The Book of Facts," and show you proof of the economies effected by Acme Nailless Band for many of the nation's leading industries, or if you prefer, we'll send full particulars by mail. Write to Acme Steel Company, 2832 Archer Ave., Chicago.

28

1880 ACME STEEL COMPANY 1930
OUR GOLDEN ANNIVERSARY

Swift Survey of Business Abroad

EUROPE

By Special Cable to The Business Week

Business is dull. Industrial production in general remains little changed. Stock markets are stagnant, but with gilt-edged securities providing one bright spot. Heavy storms last week were disastrous to crops, particularly in France, Germany, Switzerland and Greece. Otherwise doldrums prevail.

The international steel cartel announced that complete accord has been concluded by its members for the creation of selling bureaus for semi-finished products and for structural steels. The bureaus will centralize all orders and transmit them to their respective national bureaus, already in existence in France and Germany, and soon to be created in all other adhering countries. Orders will be prorated according to the quota of each participant.

Unity of interest is strengthening the German-British-Belgian copper bloc. Though a boycott of American copper has been proposed, inside authorities consider such a move impractical and anticipate only a strengthening of the copper association to present a united front.

The international nitrogen conference, meeting in Paris, has settled important differences of view regarding production quota assignments, opening the way for negotiations between the synthetic makers of Europe and the natural nitrate industry of Chile.

By Special Cable to The Business Week

Great Britain—The general tone of business is better, but commodity and stock activities are unimproved. The bankers' resolution favoring protection through tariffs is the dominating event of the business week and suggests a turning point in fiscal history, since it follows a similar about-face by the Manchester Chamber of Commerce. With these strongholds of free trade now in revolt, a general election may be precipitated. Chief significance of the bankers' resolution is the signature of Mr. McKenna, chairman of England's largest commercial bank, ex-Liberal Chancellor, and lifelong free-trader. This divides the City into two camps—the free-trade group supported by Governor Norman of the Bank of England, and those favoring a protective tariff, now supported by the McKenna group.

The government committee, studying the cotton trade, reports a mixed reception, and accuses the Lancashire cotton group of obsolete methods when careful studies urge reforms of production and distribution, and revamped financing for large-scale amalgamations, with the state empowered to coerce recalcitrant sections. The committee declares the system has brought prosperity wherever it has been adopted, while all alternatives have proved ineffective. The committee concludes that the companies must accept thorough reform or complete ruin.

Barrow Haematite Steel Co. plans reconstruction involving new capital totaling $1 million; United Steel Company's reconstruction will involve organization of a new company to be capitalized at $35 millions. Imperial Chemicals have denied rumors that they are in a shaky cash position. The suggestion got abroad when it was said that Lord Melchett was raising $5 millions through the Bank of England. Public confidence in this rationalized industry, however, has been seriously shaken by the rumor.

Wide World

Dr. Hermann Dietrich
Germany first made him Minister of Economy, now Minister of Finance. He will reduce the emergency tax on salaries, will clip $35 millions from government expenditures

By Special Cable to The Business Week

Germany—Indefinite delay of concerted action for the lowering of prices and wages, improved chances that Dr. Dietrich's taxation program will secure a Parliamentary majority, thus giving German public finance a much needed breathing space till late autumn, and unabated business depression—these are the features of the current business week in Germany. The stock exchange is particularly depressed by rumors that the two big shipping companies—Hapag and North German Lloyd—will be forced to pass dividends for the current year due to unsatisfactory earnings. Though these rumors are officially denied and all surmises regarding dividends are declared premature, it is generally known in all business circles that earnings of all shipping companies undoubtedly are considerably below last year's record because of the upset conditions in the freight market. The business failure of Schuchardt & Schütte, leading German machine tool dealers with an extensive sales organization spread over Europe which represents also 30 American machine and machine tool manufacturers, contributes to the general business pessimism.

The government is planning to reform the so-called Beratungsstelle, or advisory board for communal loans. This body formerly was under the dominating influence of the late Reichsbank president, Dr. Schacht, who was fundamentally opposed to communal borrowing abroad and who, for some time, imposed a virtual embargo on foreign municipal loans. The present plan materially widens the powers of the Beratungsstelle by subjecting to its control both foreign and domestic loans issued by states, communes, and municipal-owned public utility companies. Eventually it will have authority to establish the annual quota which these public bodies will be allowed to borrow from abroad. While not protecting investors from eventual losses, this modus vivendi may make the issue of foreign loans more difficult, even when credit given by the state or city is quite satisfactory.

Adlerwerke, in passing its dividend, completes the list of leading German automobile manufacturers who passed dividends. Despite the implied pessimism, Adler showed an increase in sales of 30% last year. At the same time, the General Motors-owned Opel A. G. has issued an optimistic report

Mr. Mihm
examines
the brakes for added tire miles and . . .
finds them

MR. MIHM will probably surprise you by finding truck tire miles where you least thought they were . . . for instance, in the brakes.

There he may find improper adjustment causing hot drums, causing hot rims, which in turn may very easily cause a tire blow-out.

Again in inspecting your equipment he may find improper wheel alignment, under-size rims, the wrong type wheels or many other mechanical factors that vitally affect the life of a tire . . . and jump up costs.

In short, Mr. Mihm will prove that truck tire mileage is not entirely in the tire itself. He will determine the various operating factors which, as well as the quality of the tire, regulate the number of miles it will deliver.

After checking each of these factors on the truck itself, he studies the conditions to be met; considers distances run; type and weight of load. In fact, Mr. Mihm makes a complete survey of the situation and forms his report and recommendations accordingly.

Mr. Mihm is any Goodrich Distributor. He is located in every part of the country. He has a service station near *you*. But he is more than a Distributor. He is a Transportation Engineer. For, in addition to selling Goodrich Heavy Duty Silvertowns . . . it is he who adjusts and controls the factors under which Goodrich Tires operate to the point of maximum mileage at the lowest possible cost.

The B. F. Goodrich Rubber Company, Established 1870, Akron, Ohio. Pacific Goodrich Rubber Co., Los Angeles, Calif. In Canada: Canadian Goodrich Co., Kitchener, Ont.

■

BY UNDERSTANDING ***the mechanism of a truck or bus—particularly brakes, wheels, rims, alignment—the Goodrich Distributor is able to handle any tire problem intelligently. This, in combination with Goodrich quality, is the secret of his ability to lower truck and bus tire costs.***

Goodrich HEAVY DUTY Silvertowns

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Everywhere now ...the ETHYL EMBLEM

In every state, in every town, on every road, wherever you drive, you now see the Ethyl emblem.

And wherever you see that emblem, it means that the pump bearing it contains good gasoline to which has been added sufficient Ethyl anti-knock compound to "knock out that 'knock'" in cars of average compression and bring out the additional power of the new, high-compression cars.

The oil companies which now mix Ethyl fluid with their gasoline to form Ethyl Gasoline supply more than half of all the motor fuel used in the United States, Canada and Great Britain. So you are safe in stopping at *any* pump bearing the Ethyl emblem. Ethyl Gasoline Corporation, Chrysler Building, New York.

* * *

Please don't put Ethyl to an unfair test or an *easy* test. Wait till your tank is almost empty; otherwise the Ethyl will be diluted and its effectiveness lessened. Then fill up with Ethyl; take the worst hill, the worst road or the worst traffic congestion you can find. Your car will prove the difference Ethyl makes in every phase of engine performance.

THE ACTIVE INGREDIENT USED IN ETHYL FLUID IS LEAD · KNOCKS OUT THAT "KNOCK"

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ETHYL GASOLINE

boasting an increase in sales for the first six months of the current year of 12% compared with a decline in total German automobile sales in the same period of 22%.

By Special Cable to The Business Week

France—Business proceeds uneventfully, but is showing remarkable general resistance to adverse conditions which are now becoming more apparent because of the seasonal slowdown. Certain branches of production are beginning to suffer as is evident in falling prices of numerous commodities, declining foreign trade, increasing wages, and narrowing profit margins, especially in the iron and steel, automobile, and textile industries.

It is apparent now that France, whose economic activities were at a maximum during 1929, the acutest period of the world crisis, will experience serious difficulties in readjustment when other countries are well on the road to recovery. The industrial policy which is striving to maintain the present wage, price, and production levels, is considered harmful now, for it handicaps France in international competition at a time when foreign trade has become increasingly vital to prosperity.

Enforcement of the social insurance laws, which became effective July 1 with 7 million beneficiaries, will not facilitate matters. Contributions by employers and employees of 8% of the wages paid and received will increase costs and will result eventually in higher prices.

French trade with the United States is diminishing. Imports during the first 5 months were $199 millions, a drop of $13 millions from 1929. Exports for the same period were $43 millions, a decline of $7 millions. Meanwhile purchases from Germany rose $34 millions.

Discussions of the petroleum law, started in Parliament July 7, will probably result in a favorable vote. With a view to developing petroleum refining in France the new authorizations granting crude oil import licenses will be issued shortly. American producers are particularly favored as licenses granted to them provide for larger imports than was expected. Standard Oil is preparing to build a high capacity refinery to treat more than 1 million tons annually.

Persistent storms and heavy rainfall throughout the week have greatly damaged crops. Wheat is seriously injured in numerous areas and estimates are distinctly below the average. Existing stocks are being jealously guarded with rocketing prices. It is certain now that France will be obliged to import above its average annual quantity.

By Special Cable to The Business Week

Italy—Effective at once, a new sales tax of 1½% will be levied by the Italian government on all sales, to provide funds for national defence and public works. There has been a general sales tax of ½% on sales of all products except foodstuffs.

Of most vital importance to Americans are the details of the new automobile tax (page 30). To cover the new tariff, Ford, Essex, and Chevrolet, which formerly sold for $1,500, will now cost $2,300. Nash, Hudson, and Chrysler 75, which formerly sold at $2,300, now go to $3,800. Packard and Lincoln and other cars in that general class will be little affected because the former duty of 35% ad valorem plus specific becomes entirely specific by weight. Duties on chassis correspond; on parts are even higher in proportion to prevent assembling of foreign cars in Italy. All American agencies will probably close except those in the expensive class, and Ford, whose cars will be manufactured through an arrangement with Isotta-Fraschini.

International News

A PRESIDENT GOES HOME

Enrique Olaya Herrera, president-elect of Colombia, departs after a visit to the United States. The smartly turned out young lady is a daughter

LATIN AMERICA

Dullness prevails in Latin America, with currencies continuing at low exchange levels. Buenos Aires, after failing to secure bids on a long-term loan, has secured a short-term advance on favorable terms. It is reported that the Chatham Phenix Corporation will soon offer a new issue of $16 millions in 5% notes maturing in six months with the option of renewal.

The Chilean Senate has reached final discussions on the measure creating the National Nitrate Company which provides for the incorporation of all nitrate companies in the country into a single producing and selling organization.

In Peru, final grants on the old Bertram Lee concession involving railway construction and colonization have gone to a group of American investors headed by W. R. Davis of Boston (*The Business Week,* May 14).

Chile—La Compania Frutera Sud Americana has been organized by the government to supervise, through a central organization, Chile's expanding fruit imports and exports. New warehouses will supplement those already erected at Santiago and Valparaiso and agents will be stationed in the principal United States and European markets to handle orders and shipments. Chilean fruit shipments to the United States in 1929 included 9,000 cubic feet of grapes, 3,690,000 pounds of melons, 32,000 pounds of plums, 5,000 pounds of peaches, and 4,000 pounds of pears. Because Chile's seasons are the reverse of those in the United States, the fruit finds a ready market.

Further interchange of fruit products is likely to result from discussions to take place at the Pan American Trade Conference at Sacramento in August (*The Business Week,* June 11).

Colombia—Eagerly received in Wall Street is the news that the National City Bank is the center of a banking group with which President-Elect Olaya has made arrangements to allow for the discount at the current rate of interest of Colombian government orders for payments amounting to $3 millions. Despite continuing pessimism from recent visitors to Colombia, American financial interests appear to have confidence in what Dr. Olaya will accomplish after his inauguration August 7. Bankers see in this arrangement a move on the part of United States business to get a larger share of Colombian business than heretofore.

What the Figures Show

	Latest Week	*Preceding Week*	*Year Ago*
THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY	***99.7**	**‡99.3**	**111.2**
Production			
Steel Mill Operation (% capacity)	**§62**	**64**	**93**
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	**¶**	**$23,010**	**$23,016**
Bituminous Coal (daily average, 1,000 tons)	***1,334**	**‡1,333**	**1,600**
Petroleum (daily average, 1,000 bbls.)	**2,582**	**2,611**	**2,857**
Total Electric Power (millions kw.-hr.)	***1,670**	***1,790**	**1,700**
Trade			
Car Loadings (daily average, all classes, 1,000 cars)	**156**	**153**	**183**
Check Payments (outside N. Y. City, millions)	**$6,848**	**$5,810**	**$7,563**
Money in Circulation (daily average, millions)	**$4,555**	**$4,468**	**$4,768**
Wheat Receipts (1,000 bushels)	**4,940**	**4,558**	**7,509**
Cotton Receipts (1,000 bales)	**17**	**49**	**70**
Cattle Receipts (1,000 head)	***124**	**‡117**	**109**
Hog Receipts (1,000 head)	***446**	**‡519**	**438**
Wool Receipts (1,000 lbs.)	***7,512**	**21,200**	**14,165**
Prices (Average for the Week)			
Wheat (No. 2, hard winter, Kansas City, bu.)	**$ .82**	**$ .84**	**$1.13**
Cotton (middling, New York, lb.)	**$ .136**	**$ .136**	**$ .103**
Iron and Steel (composite, ton)	**$33.32**	**$33.34**	**$36.72**
Copper (electrolytic, lb.)	**$ .113**	**$ .116**	**$ .178**
All Commodities (Fisher's Index, 1926–100)	**85.6**	**85.7**	**98.2**
Finance			
Total Loans and Discounts, Federal Reserve member banks (millions)	**$16,979**	**$17,059**	**$16,925**
Commercial Loans, Federal Reserve member banks (millions)	**$8,536**	**$8,572**	**$9,164**
Brokers' Loans, New York Federal Reserve member banks (millions)	**$3,203**	**$3,219**	**$5,755**
Federal Reserve System Ratio	**81.7**	**80.7**	**73.0**
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	**6,737**	**15,038**	**18,705**
Stock Prices (N. Y. Times, average 50 stocks)	**$191.62**	**$186.67**	**$272.61**
Bonds Sold (N. Y. Stock Exchange, par value, thousands)	**$32,057**	**$51,132**	**$55,480**
Bond Prices (Dow, Jones, average 40 bonds)	**$95.09**	**$95.01**	**$93.30**
Interest Rates—Call Loans (daily average)	**2.4%**	**2.2%**	**11.0%**
Interest Rates—Time Loans (daily average)	**2¾%**	**2½–2¾%**	**7½%**
Business Failures (Dun, number)	**435**	**490**	**338**

***Preliminary ‡Revised §Estimate, days operating ¶Not Available**

CERTAIN important indicators of the business situation have exhibited surprising strength this week. This is partly circumstantial, but the trend toward recovery has become more clearly evident. Basic industrial activity, farthest removed from ultimate consumption, continues slack. This is partly seasonal and partly due to the fact that these basic industries respond slowly to recovery. Building, however, has shown remarkable strength in recent weeks and general trade continues at a relatively high level for the season. Commodity prices during the past week have shown definite resistance to further decline and in many cases considerable strengthening. Bank credit expansion continues at a high rate, and Reserve credit is being brought into action on a larger scale.

Business Activity Index

The Business Week's preliminary index of the volume of general business activity for the week ended July 5 rose to 99.7% of normal compared with the revised figure of 99.3% for the preceding week and 111.2% for the corresponding week last year. This sharp rise, both in this week's preliminary index and in the revised index for the preceding week, is due principally to a marked increase in building contracts awarded during the last eight days of June and to the sharp increase in check payments outside New York City accompanying a large money turnover at the end of the half year. Provisional adjustment has been made in the check payment figures to allow for the latter circumstance, but even with this adjustment it is evident that there was considerable increase in business transactions by check at the end of June and the beginning of July. Building figures for the first few days of July are not yet available, but it is evident that the four weeks' daily average upon which our index is based will still show a considerable rise in the level of building activity.

The production group in our index declined slightly from the revised figure of 100.4% of normal to 99.8%. The group of general trade indicators as a whole increased from the revised figure of 98.2% of normal to 99.5%.

The Situation in Steel

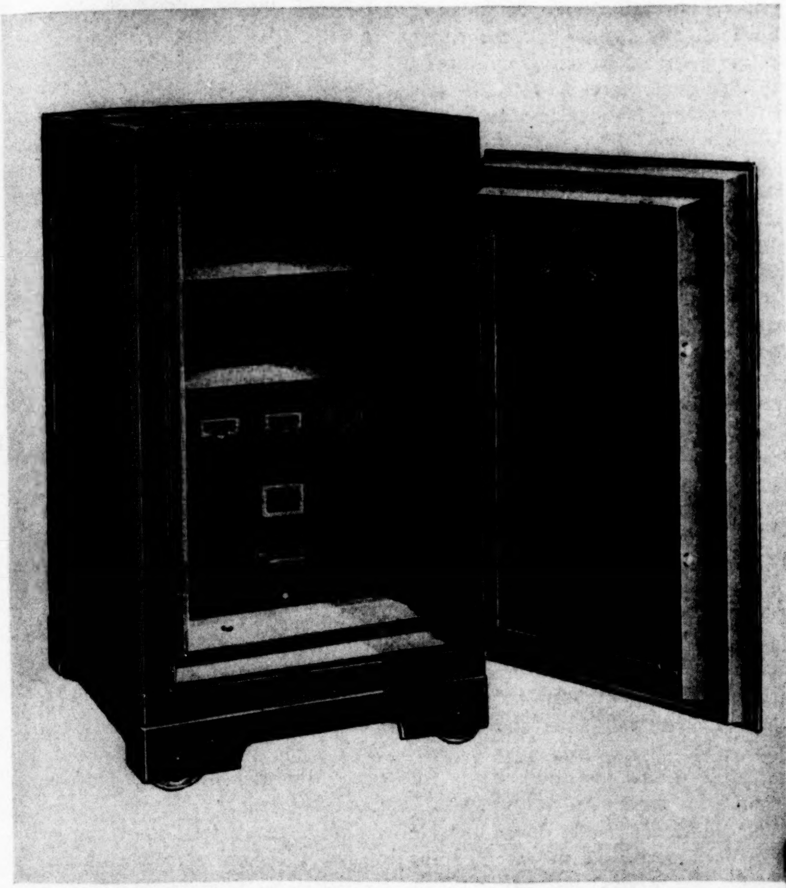
The rate of steel ingot production, estimated on the basis of days operating, continued to decline for the holiday week. The rate of decline, however, is still not much more marked than is usual at the season, although shutdowns for inventories and other reasons have been somewhat more numerous this year. *The Business Week's* index of steel ingot production, adjusted for year to year growth and seasonal fluctuations, declined from 93.7% to 90.4% of normal. The seasonal upturn in steel activity is not usually evident until toward the middle or end of July. Current prospects are uncertain. Although pipe line activity continues at a high rate and demand for structural steel is fair, impending shutdown of Ford operations from July 11 to 28 and slack demand for railroad and farm equipment steel may postpone recovery until well into August. Finished steel prices appear to be somewhat firmer but scrap markets are quiet and pig iron weaker. June ingot production was above the average for the years 1924-28.

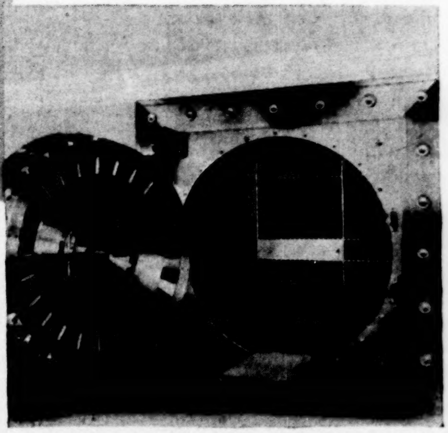
Building Contracts

Building contracts awarded during the period June 21 through June 30 totaled $262,610,700 according to F. W. Dodge figures. This total is larger than for the corresponding period in 1929 or 1928. In part it reflects a few large pipe line and other heavy construction projects. Detailed figures by classes for the month of June will not be available

A BUSINESS THAT HAS LOST ITS RECORDS

is like a man that has lost his identity





HERE stand the charred remains of your building. Desolation today, where yesterday business flourished. Tomorrow the insurance men will come. Workmen will follow. And if the real identity of your business, those vital records, have escaped the flames, your organization will soon resume operations again. ★ ★ Records protected by this Diebold A-label Safe are secure. For this safe is constructed to resist a minimum of 4 hours of intense heat and a 30-foot drop. ★ ★ Diebold Safes are constructed by the same craftsmen that build the Diebold Bank Vaults. The same care in choice of materials — the same careful workmanship — go into the Diebold Safes as into this Vault Door shown here. ★ ★ There is a Diebold Safe for every degree of fire risk. Call on the nearest Diebold dealer or write for booklet.

Diebold SAFE AND LOCK COMPANY, CANTON, OHIO
SEVENTY YEARS OF BANK SERVICE

until July 13, but it is clear that a strong recovery of building took place during June. Our four-weeks daily average running to the end of the month is 8.5% above the 1929 level. The total contracts awarded during the half year are only 12.5% below the corresponding period of 1929.

Our index of building activity for the latest week, based upon the past four-weeks daily average, and with the first few days of July estimated, stands at 8.6% above normal.

Heavy construction awards for the week ended July 10, according to *Engineering News-Record* figures, rose 5.7% above the preceding week but were 15.7% below the corresponding week last year. The deficit in the accumulative total for the year to date as compared to last year has been reduced to 17.8%.

The rate of bituminous coal production continues practically unchanged for the week, and shows no sign of further decline. Our index of coal production, adjusted for normal growth and seasonal fluctuations, however, declined slightly and is almost 30% below normal. The rate of petroleum production was off somewhat sharply for the week.

Electric power production continues to run below last year's figures, but our index, adjusted for seasonal fluctuations and year to year growth, rose sharply from 98.3% of normal to 100.7%.

Commodity Prices

Commodity prices showed increased steadiness during the week. There were more increases and fewer decreases than in the past few weeks. Although July wheat prices in Chicago hit a new low level for this season during the week, they have strengthened considerably in the past few days under unfavorable crop reports. Cotton prices still show some tendency to weaken, but the average for the week has remained steady. The copper price has been fairly firm, with signs of strong demand at levels below 11½ cents. The iron and steel composite showed only a slight decline for the week.

The Fisher all-commodity index declined slightly further but the rate of decline in the latest week is much below the average in recent weeks. The same is true of the National Fertilizer Association index.

The general trade indicators are considerably stronger. Carloadings increased for the week, in accordance with the usual seasonal trend, but remained somewhat discouraging in comparison with past years. The non-bulk carloadings, increasing slightly for the week, still show the largest deficit below last year so far in 1930. Our index of carloadings, however, adjusted for seasonal flucuations and year to year growth, rose slightly for the week from 88.1% of normal to 89%.

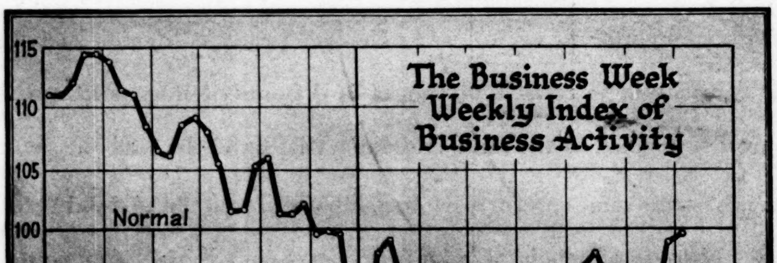
Check Payments

Check payments outside New York City rose sharply for the week including June 30, reflecting, as usual, a large money turnover in dividend, interest and other payments at the end of the half year. They were still about 9% below last year but 14% above 1928. In the 131 cities outside financial centers bank debits rose over 23% for the week but were 10% below 1929.

Our index of bank debits outside New York based on the average for the last two weeks, and adjusted for seasonal fluctuations, normal growth and price changes, and allowing for the effect of year-end payments, rose from 102.8% of normal to 104.9%.

Although commercial loans of reporting member banks declined for the week, our index, adjusted for commodity price changes, seasonal fluctuations and year to year growth, is 2.2% above normal.

The Business Week's weekly index of general business activity, first of its kind, is based on eight series of weekly figures—steel mill operations, building contracts, bituminous coal production, electric power output, non-bulk carloadings, check payments outside New York, commercial loans of reporting Federal Reserve member banks, and currency in circulation. It shows the current level of the average daily physical volume of business as compared with the normal for the season and the year. Normal, represented by 100, is what the current volume of general business activity should be if the usual seasonal changes and year-to-year growth had occurred. For further explanation of the index see *The Business Week*, May 7, 1930, p. 39.



The average amount of currency in circulation rose for the week along with bank debits, and our index increased from 98.3% of normal to 100.2%.

The number of business failures, following the usual seasonal trend, declined for the week but remains far above last year.

Our index of total loans and investments of reporting member banks for the latest week, adjusted for seasonal fluctuations, normal growth and changes in the general price level, rose again for the week and is now 2.4% above normal, indicating a continued increase in the rate of credit expansion.

Department Store Sales

Preliminary reports of department store sales for June show a decrease of 9% in dollar volume from the corresponding month a year ago. This decline is generally considered to reflect lower prices resulting from markdowns and special price sales, rather than a decrease in buying.

Sales of 47 chain store systems for June were 3.2% below last June. As in the case of department stores, this is partly explained by the fact that there were only four Saturdays in June of this year as against five in June, 1929. Marked reductions in retail prices in many lines during June indicate that the total volume of chain store sales was probably in excess of June, 1929.

Money and the Market

STOCKS were modestly strong and the market quiet this week. Several factors combined to bring about a firmer market reflecting slightly more favorable conditions. Only minor readjustments occurred in the money market.

After slumping again the latter part of last week, stocks have been fairly strong for more consecutive days than in some time. Extreme quietness prevailed and for several days only about 1½ million shares changed hands on the average. At the end of the week, volume of trading picked up as prices rose. This reverses the experience of recent weeks, and is evidence of a disposition to take profits on rises of a few points. But buying strength also is indicated.

The slump culminating on Monday again tested the familiar low levels and found them firm. The repeated occurrence of this phenomenon convinces traders and investors alike of the improbability of a break below these levels barring a very bad turn in business conditions. The market may encounter much profit-taking on the way up, and probably will, since there are many who have been made cautious by its erratic movements.

Wall Street has been excited this week by a persistent story of the formation of a large and powerful bull pool consisting of many of the operators whose names are associated with the "Coolidge" bull market that bulls loved and bears hated. Cancellation of plans for a European tour by one of these fed the fire of the rumor. And those who believe that, since stocks seem unable to go far down, they must rise, are lending ready ears to the story. Reliable observers aren't much excited, though they would not be surprised to see some individual stocks boosted up as a "feeler" for those interested on the upside.

Railroad Rate Revision

Rail stocks were stimulated by the Interstate Commerce Commission's upward revision of class rates. Eastern carriers alone will benefit by about $40 millions according to estimates. Strengthening of the rails, for long one of the weakest groups, was encouraging to the whole market.

Bonds were a little firmer, though, there too, trading was fairly light. Prices moved slowly upward toward the highest levels reached since the March peak. Continued buying for investment by banks is the strongest factor. The hundreds of millions of dollars released recently in dividend and interest payments are seeking reinvestment and thus helping the market.

What Stocks Are Doing

The majority of stocks turned lower in June according to *The Business Week's* monthly test of movements of active stocks. Of about 700 issues traded in on the New York Exchange Jan. 2, 1930, 64.2% were lower on July 1, 33.7% were higher, and 2.1% were unchanged. As compared with June 1, 94.6% were lower, 3.1% were higher, and 2.3% were unchanged.

Call money fluctuated up to 3% early in the week, then clung to 2½% regularly. Commercial paper rates are a little easier, a greater volume being sold at 3% as against 3¼% recently for short maturities. Rates on 5- and 6-month bankers' acceptances moved up ⅛% as a larger volume of this maturity began to come into the market.

Federal Reserve Situation

The Federal Reserve system did not follow up that aggressiveness of last week which had caused a short flurry of excitement. The large increase in Reserve credit at that time had encouraged hopes that the system was setting out actively to combat declining prices. But there was a decline in the volume of such credit this week.

However, the Reserve situation continues to be a favorable sign. Discounts for member banks are highest since June 4, excepting last week. The same is true of acceptance holdings. The total volume of bills and securities held is highest since April, again with the exception of last week. The Reserve condition statements will be watched for clews with much interest.

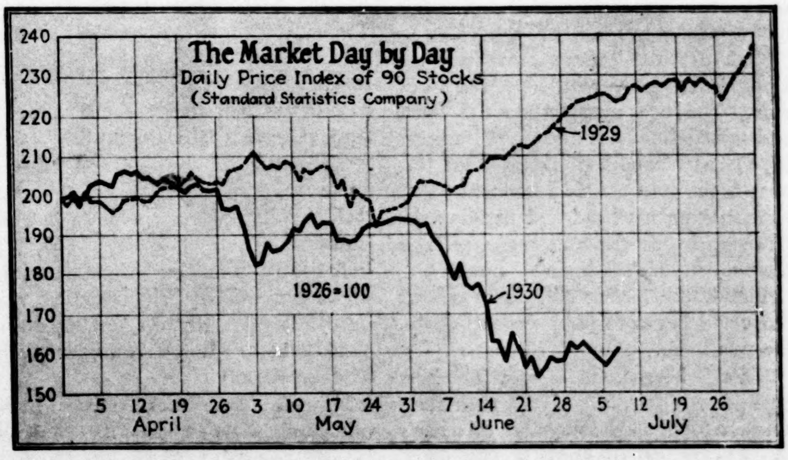
Member bank credit declined again, though investments increased. The huge drops in brokers' loans are taking security loans down sharply, while the decline in commercial loans is more moderate. Loans to brokers this week dropped another $16 millions and currently total only $3,203 millions. This is well below the figure reached by the precipitate liquidation of last year and lowest since the fall of 1927.

The currencies of leading countries have continued to move upward in relation with the dollar, with particular strength in the franc. Export of some gold to France now looms as a definite possibility, although none has been shipped up to this writing.

The British pound likewise has appreciated, continuing the gradual move of recent weeks. American money is reported to be seeking investment in Britain and other countries, due to the low level of interest rates here. Such a movement of funds abroad lends strength to foreign currencies.

Gold continues to come into this country from Latin America. This week brought more than half a million dollars, and is the largest amount to come in in one week since May.

The Treasury sold $50 millions more of bills this week. The market is becoming accustomed to these and they form a convenient addition to securities available for short-term investment. The demand is good.



The Dublin Letters

Mr. Thomas's Apology Is Accepted by His Uncle, Who Is Reminded of a Story About a Horse

Office of James W. Dublin
New York
November, 1927

Dear Derb:

Miss Gray has just handed me your gracious little letter of apology saying you "feel like a burnt match." Let us now consider the whole incident as likewise extinguished and forget it.

I also note that you wish you had more to do. That will come. Generally it comes all of a sudden—something like what happened to the city horse who went to the country.

A kind-hearted expressman sent one of his horses to the country to be turned out to pasture. The first two weeks the horse just couldn't believe it was true. He rolled, kicked, lazed under shade trees, nibbled grass, h'isted his tail and galloped—pulled all his pent-up horse stuff without limit or interference.

Every few days or so the farmer who was boarding the city-Dobbin would come up to the fence, look the horse over reflectively and walk away. He never said a word. He just looked.

After a while, the horse concluded the farmer was very much interested in his welfare and wanted to make sure everything was satisfactory so that the boarder would have no complaints to write home about.

At the end of a month the horse made up his mind that he was all set for the rest of his life. He began to fatten up with a great contentment and the idea that never again would he have to shove his head through a collar.

There was, he mused, nothing like living in the country. He was quite taken with the farmer, too, and called him a regular guy.

One day the farmer came ambling along in company with Pete, the hired man. The two men sat on the fence and talked for quite a spell. The horse didn't pay much attention until the men broke into a loud argument. Pete kept shaking his head and banging the fence with his fist and saying: "You can't do it. He's a boarded hoss."

Finally the farmer slid down off the fence and began to jump up and down. He was mad.

"Wal," he roared, "a hoss is a hoss on this farm. I don't give a gosh-dang whose hoss it is 's long's all thet hay's a-layin' on the ground. Hitch thet old plug up to the hay-rake, Pete, and don't give me no more back-talk. If hay gets wet it's spoilt. 'F a hoss gits wet he dries out."

The horse was so astonished he couldn't move. He just stood there as meek as could be and let Pete come up and slip the halter on him. Then Pete broke into a laugh.

"Next time you come round here," he said, "maybe you'll know better'n to act so much like a hoss."

The moral of this is, Derb, few of us escape.

You probably won't be any exception.

Meanwhile, if you find yourself all shrouded up in loose time, go on out in the Production Department and sort the cut-cabinets and proof-files. No one in the history of the Dublin Agency has ever done it—*of his own initiative.* It would be a record.

Sincerely,

J. W. D.

Canadian Mines Busy Despite Dull Markets

DESPITE the general economic depression and the drastic and steady decline in metal prices, there is no curtailment of mining operations or mineral production in Canada. The output of copper, nickel, silver, and gold continues normal and in some cases is in excess of that of last year. About the only noticeable effect of 12 cent copper and 33 cent silver is that of washing out some of the smaller companies and leaving the situation in stronger hands. The larger mining companies are keeping up production without a selling market. Guided in their operations by past experience, they are producing for storage against later demand.

The deflation in the value of Canadian mining stocks since the stock market collapse of last autumn has been enormous.

A list of 39 leading Canadian mining stocks have decreased in market value since last year from $2,168,000,000 to $720,000,000, the shrinkage being $1,448,000,000.

Nineteen base metal stocks had a valuation in 1929 of $1,910,000,000 and today their market value is $569,000,000, the shrinkage being 70%.

Gold mining stocks have suffered less severely. Shares in 15 Canadian gold mines had a market value of $239,000,000 last year and this has now dropped to $153,000,000, the decline being 36%. Stocks of leading silver mines which were worth $19,000,000 a year ago are down to $6,000,000.

The better showing of the gold stocks is due to the tendency to turn to the yellow metal in times of financial stress and uncertainty. Canadian gold mines are making more money now than at any time last year and future prospects are regarded as brighter than at any previous time in Canadian mining history.

The Canadian mining industry is now so well established and its prospects are so bright that the enormous decline in the paper value of the securities has not retarded development, and new explorations are as extensive this year as ever.

Bargain Prices Come To Passports and Visés

To Americans whose business is travel, Washington's decision to cut the passport fee from $10 to $6, and to increase the term of each passport from 2 years to 6, is a welcome economy. On a basis of the 196,930 passports issued last year, the saving is $787,720. The buyer who goes abroad annually will pay $6 in 6 years; used to pay $30 in 6 years.

Eager for the rapidly growing income from American tourists, the Scandinavian countries, Germany, Italy, Switzerland, Russia, Japan, Mexico, Cuba, Panama, Peru, and Siam have abolished all visé requirements. Great Britain, Ireland, Egypt, and Greece maintain the old fee of $10.

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THE BUSINESS WEEK

The Journal of Business News and Interpretation

July 16, 1930

Hold Your Horses

BUSINESS sentiment, as we have repeatedly emphasized in recent weeks, has made within the past year the longest and swiftest swing of the pendulum ever seen in our memory, from the extreme of reckless optimism and confidence last summer to the extreme of equally reckless pessimism and defeatism this summer. Ridicule and sarcasm are inadequate weapons against this acute psychological instability and loss of perspective. There is an ominous and tragic side to this drift toward the defeatist and deflationist attitude among the business community.

When, a year ago, business was willing to take a chance on anything, it was taking far less chances of disaster than now, when it is willing to take a chance on nothing. The deflationists who are now climbing into the saddle so recently vacated by the inflationists of last year are far more dangerous horsemen. They belong to the riding school of the Apocalypse.

This drastic reversal of opinion, this fatalistic disposition to let matters take their course, this pious belief that business can and will recover only when and if it purges itself of its excesses and readjusts itself to a permanently lower level of prices, wages, and values in general, is a counsel of desperation and despair. The sane and far-sighted elements in the business community must resist it as a dangerous delusion with the same determination as that with which they fought the exuberant inflation of a year ago. The reason is simple and clear. Every sound economist, every rational business man understands it.

We may be committed to a long period of gradually declining prices due to a diminishing rate of gold production. We doubt this, but admit the possibility of business adjusting itself to such a tendency over the next ten or twenty years, especially if it reflects increasing business efficiency and lower costs of production and distribution. But we are quite certain that such a landslide of prices back to the 1913 level as has taken place in the past year is a horse of a different color and cannot be permitted to run wild with free rein.

Neither in the United States nor abroad can the business structure adjust itself to such a strain of so quick a return to the pre-war level of values without complete collapse and prolonged prostration. The cost of supine submission to any such calamity, in terms of social upheaval, labor conflict, default of public and private debt, unemployment, business stagnation, would be incalculable. The world would not recover from it in years. Financial leadership and political statesmanship which permitted such an economic catastrophe would be hopelessly bankrupt and ruthlessly repudiated.

We still believe that there is enough leadership and statesmanship to avert the danger, and that forces of control are being brought to bear promptly and decisively enough to swing prices and business back soon to firm ground on which readjustment and recovery can proceed in an orderly way. But at this moment the world's economic destiny still hangs in a delicate balance, played upon by powerful forces of ignorance, confusion, and indifference. Every surrender to these forces will help swing the scales toward chaos, and imperil not only the prompt recovery of prosperity, but the very safety of society.

They must be fought with every weapon which public authority and private influence can bring into action against them.

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